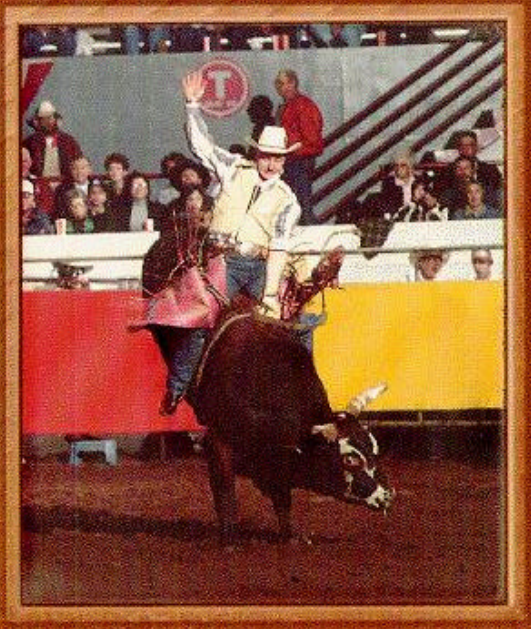
OKLAHOMA



1997

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1997

History of RODEO

Rodeo, the only national spectator sport originated entirely in the United States, started on the open range back in the 1860s and 1870s. Cowboys demonstrated their skills of herding, roping and bronc riding by pitting one ranch against another local ranch and by competing against each other during roundup. The word "rodeo" actually originated from the Spanish word "rodear," which literally means roundup.

The rodeo became known in Oklahoma when the cattle drives began in the late 1860s, but it took the various wild west shows to familiarize the rest of the United States with its rough and tumble events that require so much skill from the cowboys and well-trained horses. Oklahoma created its own breed of popular shows with some of the big ranches breathing life into the vivid portrayals of western life. The Mollhall Ranch near Guthrie, the Pawnee Bill Ranch near Pawnee, and the Miller 101 Ranch near Ponca City became well-known throughout the country as they traveled with their combination western shows and rodeos. Wild west shows gradually lost their popularity, but the rodeo continued to grow.

Oklahoma's Bill Pickett is credited with originating the steer wrestling event in the early 1900s, which is often referred to as "bulldogging" because in the earlier days cowboys would bite the lip or nose of the steer to try and take control. Many Oklahomans have competed in rodeos over the years to become national champions and include Jim Shoulders from Henryetta, Oklahoma (1959 World Champion Bull Rider), Freckles Brown from Soper, Oklahoma (1962 World Champion Bull Rider), Lane Frost from Lane, Oklahoma (1987 World Champion Bull Rider), and Terry West from Henryetta, Oklahoma (1996 World Champion Bull Rider).

The National Finals Rodeo (NFR) made its debut in 1959 in Dallas, Texas, providing the perfect arena for deciding the all-around and individual event champions. Later Oklahoma City successfully hosted the NFR for 20 years before it was moved to Las Vegas, Nevada, where it remains today.

The International Professional Rodeo Association continues its tradition of showcasing the finest rodeo talent at the International Finals Rodeo (IFR). This event, which started in 1971 in Tulsa, Oklahoma, is now held in Oklahoma City and has become one of professional rodeo's most prestigious events.

Oklahoma is proud to be the home of the "Lazy E," located in Guthrie, which is known as the largest indoor rodeo arena in the world and hosts several of the more than 100 rodeo events held throughout the state each year.

The Rodeo is still alive and well in Oklahoma and a big part of our culture today.

ON THE COVER:

BULL RIDING – Jimmy Morris of Sand Springs, OK at the 1997 89er Days PRCA Rodeo. *(Photo by Fly Thomas and provided by the Lazy E Arena.)*

OKLAHOMA 97

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1997

Frank Keating
Governor

Prepared by

Office of State Finance

Tom Daxon, Director
Keith Johnson, State Comptroller

The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of State Finance and is prepared by the Division of Central Accounting & Reporting.

This publication is issued under authority of the Office of State Finance. Pursuant to 74 O.S. 1992, Section 3105, 1,100 copies have been prepared and distributed at a cost of $16,149. The Office of State Finance would appreciate credit for any reprint.

Requests for additional copies, comments or questions may be directed to Shawn Ashley, Office of State Finance, 2300 North Lincoln, Suite 122, Oklahoma City, Oklahoma 73105.

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Bull Riding Picture

INTRODUCTORY SECTION

THOMAS E. DAXON
SECRETARY OF FINANCE AND REVENUE
DIRECTOR OF STATE FINANCE

FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

December 29, 1997

To the Honorable Frank Keating, Governor
Members of the Legislature, and
Citizens of the State of Oklahoma

The Office of State Finance is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 1997. This report, presented in three sections: Introductory, Financial, and Statistical, is the primary means of reporting the State government's financial activities. The Introductory Section contains an overview of the State's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains the general purpose financial statements and the combining and individual fund and account group statements and schedules. The Statistical Section contains selected financial and demographic information.

Management of the State, through the Office of State Finance (OSF), is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with generally accepted accounting principles (GAAP). To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the State's financial position and activities. The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, account groups, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes fifteen component units. These component units, one governmental activity, thirteen proprietary activities and the State's higher education institutions, are discretely presented in the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

Oklahoma continues to be an attractive location in which to live and conduct commerce. In addition to a very low cost of doing business, Oklahoma has a highly skilled work force that exhibits the strong work ethic necessary for success and strives to improve its qualifications. For example, Oklahoma ranks 21st among the 50 states in full-time equivalent college enrollment as a percentage of population. At the same time, our pioneering Vo-Tech system is a national leader in developing training programs for industry. Oklahoma also enjoys a central location and abundant resources. Oklahoma remains a leading producer of oil and natural gas and Oklahoma manufacturers take advantage of some of the lowest energy prices in the nation. Oklahoma is also a leading producer of agricultural products, ranking in the top ten in production of wheat, peanuts, grain sorghum, pecans, rye, hogs and cattle.

Oklahoma's real gross state product for 1996 was $65.3 billion, up 3.9% from the previous year. This compares with 3.8% growth in the national gross domestic product. Oklahoma's per capita income for 1996 was $19,544, which is 80% of the national average, and ranks Oklahoma 45th among the states. Adjusting for

cost of living, Oklahoma is at 87% of the national average or 40th in the nation. Our per capita income was up 4.3% from 1995, trailing average gains nationally of 4.6%.

Oklahoma continues to enjoy an extremely low unemployment rate. Estimates for 1997 reflect a favorable 3.7% rate in Oklahoma versus a 5.0% rate nationally. With a population of approximately 3.3 million people, Oklahoma is the 27th most populous state.

Oklahoma is also home to a rich diversity of cultures. Most of what is now Oklahoma was originally set aside as Indian Territory. As a result, Oklahoma is home to 39 tribal headquarters and more people of Native American descent than any other state. Colorful pow-wows that keep alive sacred Native American traditions are a regular feature in all parts of the state. Oklahomans also enjoy many opportunities for outdoor recreation and, due to its many man-made reservoirs, Oklahoma has more miles of shoreline than any other state.

FINANCIAL CONDITION OF STATE GOVERNMENT

State finances are governed by rules designed to ensure sound, conservative management. The legislature cannot appropriate more than 95% of the general revenue expected to be collected in the coming year. That revenue estimate is made by an independent board not subject to legislative control. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General obligation indebtedness is prohibited without a vote of the people.

The impact of these fiscally conservative rules, however, has been to some extent offset by the practice of granting pension benefits and incurring other liabilities without providing the long range funding required to assure that the State will be able to pay those amounts when they become due. The Teachers and Firefighters pension plans and the State's Special Indemnity Fund will all require future funding to meet existing liabilities. Meanwhile, Oklahoma continues to face the challenge presented by devolution of many federal programs. Significant changes in funding for major welfare and transportation programs are already under way and Oklahoma is responding.

In spite of these challenges, the State's overall financial condition is healthy. A small general obligation debt load, the heightened attention to our unfunded pension liabilities and the growing balance in the State's "Rainy Day Fund" provide ample room to address unforeseen emergencies.

CURRENT DEVELOPMENTS AND MAJOR INITIATIVES

Despite many achievements, we are far from satisfied with our current situation. We enjoy many advantages that should enable Oklahomans to enjoy a higher standard of living. Our goal is to implement policies that will allow Oklahoma to realize its enormous potential.

With the advantages provided by its labor force, location, and culture, our goal is to complement these advantages with a results-oriented, business-friendly government.

Oklahoma wants to be the nation's friendliest state to small and growing businesses. Several initiatives are underway to achieve this goal, including: 1) worker's compensation reform, 2) education reform, 3) road improvements, 4) tax relief targeted to encourage economic growth, and 5) cost-effective service delivery.

Highlights of the fiscal 1997 and fiscal 1998 budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	1997	1998	1997	1998	1997	1998	1997	1998
Dept. of Education	$ 1,534	$ 1,626	37%	36%	$ 99	$ 92	7%	6%
Regents for Higher Ed.	636	693	15%	15%	71	57	13%	9%
Dept. of Vo-Tech	96	108	2%	2%	8	12	9%	13%
Other education	16	20	0%	0%	2	4	14%	25%
Total Education	2,282	2,447	55%	54%	180	165	9%	7%
Dept. of Human Services	333	336	8%	7%	(5)	3	(1%)	1%
Office of Juvenile Affairs	85	88	2%	2%	6	3	8%	4%
University Hospitals Auth.	26	27	1%	1%	(1)	1	(4%)	4%
Dept. of Rehab. Services	22	23	1%	1%	1	1	5%	5%
Health Care Authority	290	314	7%	7%	17	24	6%	8%
Total Human Services	756	788	18%	17%	18	32	2%	4%
Dept. of Corrections	248	297	6%	7%	46	49	23%	20%
Dept. of Transportation	213	293	5%	6%	29	80	16%	38%
Dept. of Mental Health	119	122	3%	3%	7	3	6%	3%
Dept. of Health	47	56	1%	1%	7	9	18%	19%
Dept. of Public Safety	55	56	1%	1%	4	1	8%	2%
Other	430	460	11%	11%	78	30	22%	7%
Total	$ 4,150	$ 4,519	100%	100%	$ 369	$ 369	10%	9%

Passage of Senate Bill 730 in 1997 enacted several reforms to the state's workers compensation insurance system providing rate relief to employers within the state while improving benefits to injured workers. These reforms include: 1) exemption of small, family-owned businesses from the requirement to carry workers compensation insurance, 2) increased benefits for surviving spouses and children, 3) limitation of attorney fees, and 4) the study of "sprain and strain" injuries which make up over 50% of all workers compensation claims. Additional recommendations to the legislature are expected to be enacted during 1998.

The State has embarked on a major highway construction and improvement effort. Over the next five years, Oklahoma will spend up to $1 billion on state highway construction depending on economic conditions. The State will use a combination of bond financing, Rainy Day Fund money and appropriations to finance this expanded construction.

As a result of growth in collected revenues during fiscal 1997, the State increased the balance in its Constitutional Reserve, or "Rainy Day" Fund to $308.9 million, half of which may be appropriated under restricted conditions. The fiscal year ended June 30, 1997 marked the second consecutive year in which the State made a deposit to this Fund.

The State continues the development of a modern telecommunications system, known as OneNet, that allows multi-directional video access for government agencies throughout the State. This project expands upon an existing system operated by the State's higher education institutions. While OneNet has many uses, perhaps the most exciting feature is the linking of several classrooms for a single course. OneNet will allow all schools, even those in rural areas, to offer a varied, rigorous curriculum.

During the 1996 legislative session, the school funding formula was amended to more adequately fund growing school districts. Previously, districts experiencing enrollment growth did not immediately receive credit for that growth in the calculation of state aid, which makes up more than 50% of common school funding in Oklahoma.

Both the 1996 and 1997 legislative sessions saw significant increases in funding for higher education. Oklahoma, with a system of two comprehensive universities, eleven four-year colleges, and twelve two-year colleges, has long been a leader in bringing higher education services to its citizens. Oklahoma ranks 24th in the nation for number of college degrees earned per 10,000 population.

Oklahoma recently mended several defects in its prison system. Facing a shortage of beds, the State had followed the dangerous practice of granting early release to convicts to manage its prison population and keep prison expenditures within the budget. At the same time, the ratio of secure to non-secure beds was out of balance, with many dangerous felons serving their time in minimum-security facilities. Recent legislation has approved the expansion of leased facilities as well as plans to construct additional bed space to relieve the strains on our prison system.

One problem that remains is the large unfunded liability of the Teachers' Retirement System (TRS). After the passing of the oil boom and the consequent decline in revenue growth, the legislature continued to provide additional benefits without adequately funding them. A major education initiative made the situation worse by adding thousands of new teachers at a time when contributions to TRS failed to cover normal cost. As a result, the System now has an actuarially estimated unfunded liability of $4.7 billion. Under current projections, TRS needs will consume a substantial portion of the State's general fund growth revenue for the foreseeable future. A joint executive-legislative committee began studying the problem in 1996 and is scheduled to make recommendations for action in the upcoming session of the legislature.

In 1995, the Governor appointed a team of state employees to study state government and make recommendations as to how the government could be run more efficiently and effectively. In December of 1995, the Governor's Commission on Government Performance issued its report, listing nearly 300 recommendations for action. In response, the Governor has issued executive orders for improving several systems, including central purchasing, employee benefits, human resources, and employee classification and compensation systems. In addition, the Governor has asked the legislature to make several changes in current law.

FOR THE FUTURE

The State continues to aggressively research and pursue solutions to improve the State's competitive economic performance. This issue is especially pressing in many rural areas of Oklahoma. Accordingly, the State is seeking to encourage new business development. Approaches under consideration include targeted tax reforms designed to spur entrepreneurship and business relocation, developing a leading educational system, and enactment of a right-to-work law.

While the State strives to strengthen it’s financial position, we remain committed to maintaining public safety and providing a “safety net” for the less fortunate. To be successful, such a program will require a fresh look at how the State provides services. Building upon the work of the Governor's Commission on Government Performance, the State will consider the sale of assets, privatization of functions and programs, elimination of unneeded or excessive services, and reforms in purchasing and personnel policies.

FINANCIAL INFORMATION

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls which have been designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency that expends money through the State treasury, except the legislature, submits an annual budget request to the Office of State Finance (OSF). Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the Governor by OSF. The Governor then makes formal recommendations in his "Executive Budget" which is presented to the legislature on the first day of the legislative session. During the legislative session, agency needs are reviewed by legislative committees and appropriations made for state agency operations during the ensuing fiscal year. Prior to encumbering or spending moneys in the fiscal year, each agency submits a Budget Work Program to OSF. In this document the agency outlines, by object of expenditure, fund source, and program category, how they plan to spend the various resources available to them.

Oklahoma's Constitution restricts total appropriations to 95% of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues, based upon information provided by the Office of State Finance and the Oklahoma Tax Commission. The Board is comprised of six elected officials: the Governor, the State Auditor and Inspector, the State Treasurer, the Lieutenant Governor, the Attorney General, and the Superintendent of Public Instruction, as well as the President of the State Board of Agriculture.

The Constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the Rainy Day Fund each year until the balance of the Rainy Day Fund equals 10% of the prior fiscal year's General Revenue Fund certified appropriations authority. Up to one-half of the July 1 balance each year may be appropriated upon emergency declaration by the Governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the Speaker of the House and President-Pro Tempore of the Senate with concurrence of three-fourths of the members of each house.

The State also has an oversight process for the issuance of debt. The Executive and Legislative Bond Oversight Commissions jointly review and approve all debt issued by the State, its agencies and public trusts, and perform an assessment of all capital leases.

General Governmental Functions

Most financial operations of the State are reported in governmental fund types, which are the General Fund and Capital Projects Fund. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles for the fiscal year ended June 30, 1997, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support the public institutions of higher education.

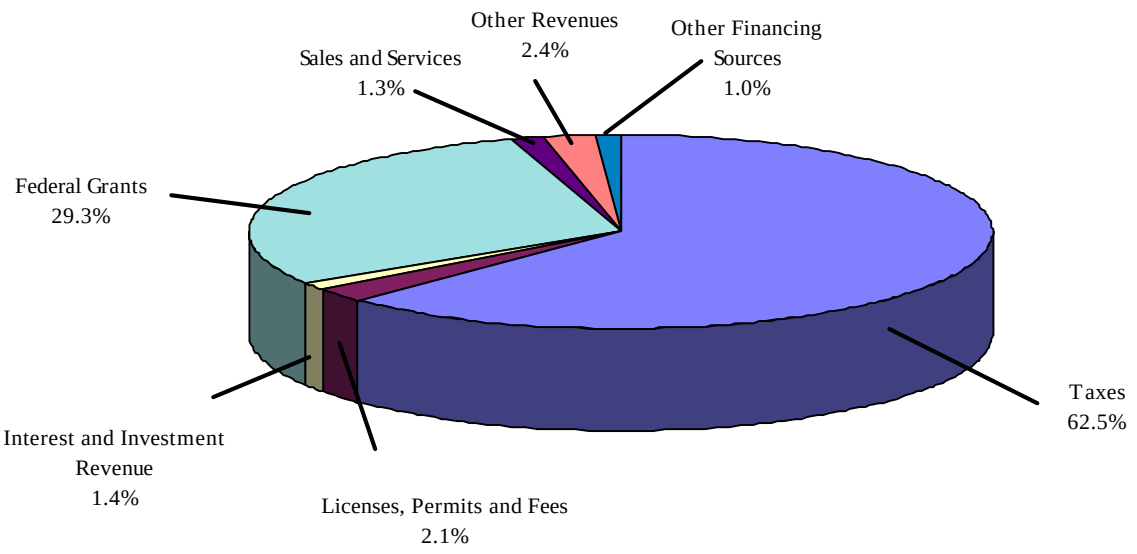
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	1997 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	$ 4,964	62.5%	$ 426	9.4%
Licenses, permits and fees	167	2.1%	18	12.1%
Interest and investment revenue	112	1.4%	2	1.8%
Federal grants	2,326	29.3%	(89)	(3.7%)
Sales and services	102	1.3%	6	6.3%
Other revenues	191	2.4%	(2)	(1.0%)
Other financing sources:				
Operating transfers	73	0.9%	27	58.7%
Bond proceeds	3	0.0%	(31)	(91.2%)
Other	9	0.1%	2	28.6%
Total revenues and other financing sources	$ 7,947	100.00%	$ 359	4.7%

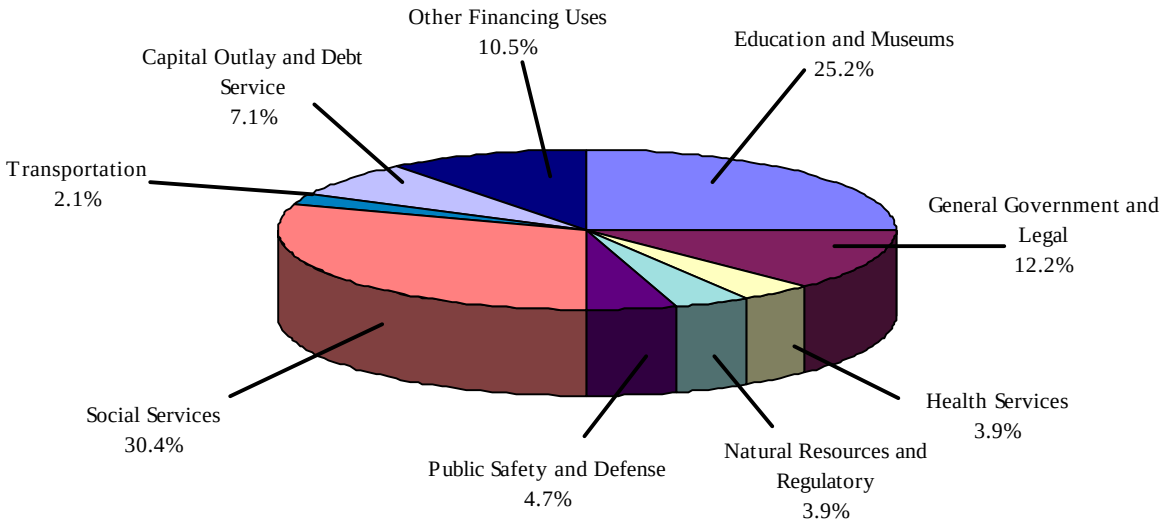
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	1997 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	$ 1,944	25.1%	$ 98	5.3%
General government	823	10.6%	78	10.5%
Health services	304	3.9%	22	7.8%
Legal and judiciary	122	1.6%	13	11.9%
Museums	7	0.1%	0	0.0%
Natural resources	170	2.2%	11	6.9%
Public safety and defense	360	4.7%	36	11.1%
Regulatory services	134	1.7%	4	3.1%
Social services	2,359	30.4%	8	0.3%
Transportation	163	2.1%	20	14.0%
Capital outlay	512	6.6%	(40)	(7.2%)
Debt service	40	0.5%	0	0.0%
Operating transfers	811	10.5%	65	8.7%
Total expenditures and other financing uses	$ 7,749	100.00%	$ 315	4.2%
Governmental Funds -				
Net increase in fund balance	$ 198			

Governmental Fund Revenues and Other Financing Sources (GAAP Basis) - Fiscal Year 1997



Governmental Funds Expenditures and Other Financing Uses (GAAP Basis) - Fiscal Year 1997



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95% of the itemized revenue estimate as approved by the State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund (GRF), as defined by Oklahoma law, are approximately 80% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary GRF should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the State Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which is not considered in the Board of Equalization's estimates of tax revenues. Oklahoma's budgetary GRF revenues were $3.78 billion, or 107.0 % of the State's revenue estimate for the fiscal year ended June 30, 1997. This was an increase of $352.2 million, or 9.4% above that of the prior year.

Receipts from each of the four major taxes exceeded revenues of the prior year, producing a combined total of $3.23 billion, or 85% of total GRF receipts. The total of major taxes collected was $289 million, or 9.8% above that of the prior year, an indication of increased business activity.

As compared to fiscal 1996, collections from income taxes increased by $194 million, or 12.8%; sales taxes increased by $52.1 million, or 5.1%; motor vehicle taxes increased by $11.7 million, or 4.7%; and gross production taxes on oil and gas increased by $31.7 million, or 20.3%.

Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in six years and dipped below the estimate six years, with actual collections averaging 101.0% of the estimate over the period. The comparison of estimated revenues to actual collections for fiscal 1997 is as follows:

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Income tax	$ 1,582.5	$ 1,715.2	$ 132.7	108.4%
Sales tax	1,045.9	1,069.3	23.4	102.2%
Motor vehicle tax	254.2	257.4	3.2	101.3%
Gross production tax	131.8	187.8	56.0	142.5%
Subtotal Major Taxes	3,014.4	3,229.7	215.3	107.1%
Other sources	516.6	548.0	31.4	106.1%
Total	$ 3,531.0	$ 3,777.7	$ 246.7	107.0%

The twelve-year comparative history of estimated to actual collections is shown in the following table.

Budgetary General Revenue Fund Comparisons
(expressed in millions)

Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
1986	$ 2,456.6	$ 2,271.3	$ (185.3)	92.5%
1987	$ 2,166.7	$ 2,070.0	$ (96.7)	95.5%
1988	$ 2,319.8	$ 2,397.8	$ 78.0	103.4%
1989	$ 2,499.8	$ 2,600.6	$ 100.8	104.0%
1990	$ 2,661.2	$ 2,735.1	$ 73.9	102.8%
1991	$ 3,034.4	$ 3,109.5	$ 75.1	102.5%
1992	$ 3,213.9	$ 3,161.2	$ (52.7)	98.4%
1993	$ 3,365.2	$ 3,258.9	$ (106.3)	96.8%
1994	$ 3,398.5	$ 3,341.5	$ (57.0)	98.3%
1995	$ 3,515.3	$ 3,512.6	$ (2.7)	99.9%
1996	$ 3,613.6	$ 3,705.0	$ 91.4	102.5%
1997	$ 3,531.0	$ 3,777.7	$ 246.7	107.0%
Twelve-Year Average	$ 2,981.3	$ 2,995.1	$ 13.8	100.5%

The status of two important fund balances affecting the new year's fiscal picture is explained below:

Cash-Flow Reserve Fund - At the close of fiscal 1997, the State set aside $348.9 million to meet anticipated monthly cash-flow needs for the new fiscal year. The new total amounted to 9.5% of the GRF certified appropriation level, consistent with the prior year.

The Cash-Flow Reserve Fund's fiscal 1997 cash carryover available to the next Legislature was $6.4 million, compared with $45.8 million in the prior year. The carryover funds come from the difference between the 95% appropriation limit and actual receipts up to 100% of the estimate. Funds required to replenish or increase the cash-flow fund also come from this source.

Constitutional Reserve "Rainy Day" Fund - At the start of each fiscal year, collections that exceeded the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 10% of the prior year's certified appropriation authority for the General Revenue Fund. On July 1, 1997, this fund had a balance of $308.9 million.

Proprietary Operations

The State's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods and/or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those persons directly benefiting from the goods or services. Some of the activities included in the State's proprietary operations are power generating plants, turnpikes, medical services, insurance and financing services for both public and private entities.

Cash Management

State law requires full collateralization of all State Treasurer bank balances. Generally, the Treasurer promulgates rules that establish the amount of collateral that must be pledged against deposits. However, component units of the State reporting entity may have collateralization policies that differ from those of the State Treasurer. The State Treasurer is required to keep at least 80% of available cash invested.

Debt Administration

The authority of the State to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the State created the Executive Bond Oversight Commission and the Legislative Bond Oversight Commission. The commissions meet jointly to review all proposed debt issuances. Both commissions must approve each financing plan before obligations are issued. The legislation which created the bond oversight commissions also created the position of State Bond Advisor, who advises the commissions, and must approve the pricing and fees associated with any debt issuance.

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the State are rated "AA3" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to a 1993 general obligation bond program, except for refunding bonds, the State last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977. As of June 30, 1997, the outstanding general obligation net debt of the State of Oklahoma was $327 million. This figure excludes the self-supporting taxable bonds of the Oklahoma Industrial Finance Authority, which are secured by the repayment of loans made to private businesses. State revenues have never been required to support debt service payments on these obligations.

Various agencies, trusts, and authorities issue revenue bonds on behalf of the State of Oklahoma, and these obligations are supported solely by the revenues of the issuing entities.

Risk Management and Insurance

In general, the State is "self-insured" for health care claims, workers' compensation, tort liability, vehicle liability, and property losses, with some exceptions for participation in health maintenance organizations and for excess coverage items. The property loss excess coverage is limited to a maximum loss of $1 billion. The Oklahoma State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund provides workers' compensation coverage for both public and private sector employees in Oklahoma.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1996. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

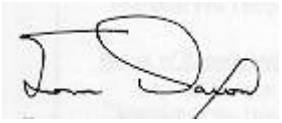
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The Office of State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State who made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,



Tom Daxon
Director of State Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

SELECTED OKLAHOMA STATE OFFICIALS

June 30, 1997

LEGISLATIVE BRANCH

Senate
Stratton Taylor
President Pro Tempore

House of Representatives
Loyd L. Benson
Speaker of the House

EXECUTIVE BRANCH

Governor
Frank Keating

Lieutenant Governor
Mary Fallin

* Secretary of State
Tom Cole

State Auditor and Inspector
Clifton Scott

Attorney General
Drew Edmondson

State Treasurer
Robert Butkin

Superintendent of Public Instruction
Sandy Garrett

Commissioner of Labor
Brenda Reneau

Commissioner of Insurance
John P. Crawford

Commissioners of the Corporation Commission
Bob Anthony
Cody Graves
Ed Apple

JUDICIAL BRANCH

* State Supreme Court
Yvonne Kauger
Chief Justice

* Court of Criminal Appeals
Charles S. Chapel
Presiding Judge

* Appointed Position

LEGISLATIVE

House of Representatives
Legislative Service Bureau
Senate

EXECUTIVE

Governor
Lieutenant Governor
Secretary of State

JUDICIAL

Court of Appeals
Court of Criminal Appeals
District Courts
Supreme Court
Workers' Compensation Court

STATE AGENCIES

ADMINISTRATION

Accountancy Board
Architects and Landscape Board
Banking Department
Board of Examiners for Nursing Home Administrators
Board of Nursing
Capitol Improvement Authority
Chiropractic Examiners Board
Consumer Credit
Cosmetology Board
Dental Board
Department of Central Services
Election Board
Embalmers and Funeral Directors Board
Ethics Commission
Health Insurance High Risk Pool
Horse Racing Commission
Insurance Commission
Medical Licensure
Motor Vehicle Commission
Optometry Board
Osteopathic Examiners Board
Pharmacy Board
Podiatry Board
Professional Engineers Board
Psychologist Board of Examiners
Real Estate Commission
Securities Commission
Social Workers Board
Speech Pathology and Audiology Board
Used Motor Vehicle Commission
Veterinary Medical Examiners Bd.

ENERGY

Corporation Commission
Energy Resources Board
Interstate Oil and Gas Compact Commission
Geological Survey
Grand River Dam Authority
Liquefied Petroleum Gas Board

AGRICULTURE

Agriculture Department
Conservation Commission
Foresters Board
Peanut Commission
Sheep and Wool Commission
Soybean Commission
Wheat Commission

ENVIRONMENT

Department of Environmental Quality
Department of Mines
Environmental Finance Authority
LP Gas Research
LP Gas Commission
Marginally Producing Oil and Gas Wells
Pollution Control Board
Water Resources Board
Wildlife Conservation Commission

HEALTH & HUMAN SERVICES

Children and Youth Commission
Handicapped Concerns
Health Care Authority
Health Department
Human Services
Indian Affairs Commission
J.D. McCarty Center
Juvenile Affairs
Medicolegal Investigations Board
Mental Health and Substance Abuse
Rehabilitation Services
University Hospitals Authority

TRANSPORTATION

Transportation Department
Turnpike Authority

COMMERCE

Capital Investment Board
Center for the Advancement of Science and Technology
Commerce Department
Labor Department
Municipal Power Authority

FINANCE & REVENUE

Auditor and Inspector
Building Bond Commission
Commissioners of the Land Office
Development Finance Authority
Housing Finance Agency
Industrial Finance Authority
Office of State Finance
State Insurance Fund
State Treasurer
Tax Commission
Pension Systems:
Firefighters' Retirement
Judges and Justices Retirement
Law Enforcement Retirement
Police Retirement
Public Employees' Retirement
Teachers' Retirement

HUMAN RESOURCES

Employment Security Commission
Human Rights Commission
Merit Protection Commission
Office of Personnel Management
State Group Health Insurance

TOURISM & RECREATION

Historical Society
J.M. Davis Memorial Commission
Tourism and Recreation Department
Will Rogers Memorial Commission

EDUCATION

Anatomical Board
Arts Council
Commission for Teacher Preparation
Department of Education
Education Television Authority
Library Department
Medical Technology and Research Authority
Physician's Manpower Training
Private Vocational Schools
Regents for Higher Education
School of Science and Mathematics
Student Loan Authority
Vocational and Technical Education

SAFETY & SECURITY

Alcoholic Beverage Laws Enforcement Commission
Attorney General
Bureau of Narcotics and Dangerous Drugs
Civil Emergency Management
Corrections Department
Council on Law Enforcement Training
District Attorney's Council
Indigent Defense System
Military Department
Pardon and Parole Board
State Bureau of Investigation
Public Safety
State Fire Marshal

VETERANS' AFFAIRS

Department of Veterans Affairs

Bareback Bronc Riding Picture

FINANCIAL SECTION

STATE OF OKLAHOMA

OFFICE OF THE AUDITOR AND INSPECTOR

OKLAHOMA CITY

CLIFTON H. SCOTT
State Auditor and Inspector

2300 N. Lincoln Blvd.
100 State Capitol
Oklahoma City, OK 73105-4896
405/521-3495

INDEPENDENT AUDITOR'S REPORT

**TO THE GOVERNOR AND MEMBERS
OF THE LEGISLATURE OF THE
STATE OF OKLAHOMA**

We have audited the general-purpose financial statements of the State of Oklahoma as of and for the year ended June 30, 1997, as listed in the accompanying table of contents. These general-purpose financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the enterprise fund. We did not audit the financial statements of the various pension funds or the nonexpendable trust fund. We did not audit the financial statements of the special revenue fund. We did not audit the financial statements of the Oklahoma State Employees Deferred Compensation Plan or the Oklahoma Insurance Department, which statements reflect total assets consisting of 56% of the agency fund. We did not audit 100% of the assets or 91% of the revenues of the proprietary component units. We did not audit the financial statements of the higher education component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

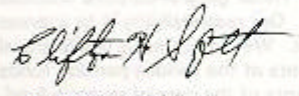
In our opinion, based upon our audit and the reports of other auditors, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Oklahoma as of June 30, 1997, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 1997, on our consideration of the State of Oklahoma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As discussed in Note 18 to the financial statements, the Teachers' Retirement System faces possible difficulty in meeting its future obligations. The auditor for the Teachers' Retirement System reported "the System's actuary has determined that the System's unfunded actuarial accrued liability is approximately $4,712,300,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes and if any changes further reduce or delay the implementation of the funding schedule the funding period will increase." Note 2 to the System's financial statements discloses: "The System will experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level. . . ." The ultimate outcome of the ability of the System to meet its future obligations is dependent on funding established by Oklahoma Statutes, and cannot presently be determined.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Oklahoma. Such information, except for the statistical schedules and the information in the introduction which are unaudited, has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

December 29, 1997

Bareback Bronc Riding Picture

GENERAL PURPOSE FINANCIAL STATEMENTS

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Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Assets and Other Debits				
Assets				
Cash/Cash Equivalents	$ 1,620,851	$ 35,610	$ 1,177	$ 848,214
Investments	40,769	0	29,358	11,561,250
Securities Lending Investments	0	0	0	1,109,418
Accounts Receivable	23,475	0	0	2,787
Interest and Investment Revenue Receivable	21,221	154	3,414	62,113
Employer Contributions Receivable	0	0	0	13,215
Employee Contributions Receivable	0	0	0	14,917
Other Contributions Receivable	0	0	0	1,091
Federal Grants Receivable	271,392	452	0	213
Taxes Receivable	122,640	0	0	3,507
Lease Payments Receivable	40,940	0	0	0
Other Receivables	94	0	0	11,391
Notes and Loans Receivable	0	0	163,174	0
Due from Brokers	0	0	0	12,873
Due from Other Funds	3	0	0	13,374
Due from Component Units	43,526	0	0	771
Due from Primary Government	0	0	0	0
Inventory	112,157	0	0	4,285
Prepaid Items	47,122	0	0	0
Fixed Assets, Net	0	0	0	1,642
Other Assets	3,893	0	729	8,453
Other Debits				
Amount Available for Debt Service	0	0	0	0
Amount to Be Provided For				
Retirement of Debt	0	0	0	0
Compensated Absences	0	0	0	0
Capital Leases	0	0	0	0
Certificates of Participation	0	0	0	0
Claims and Judgments	0	0	0	0
Pension Obligation	0	0	0	0
Total Assets and Other Debits	$ 2,348,083	$ 36,216	$ 197,852	$ 13,669,514

The Notes to the Financial Statements are an integral part of this statement.

Account Groups		Total Primary Government			Total Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only) 1997	1996	Component Units	(Memorandum Only) 1997	1996
$ 0	$ 0	$ 2,505,852	$ 2,691,966	$ 535,205	$ 3,041,057	$ 3,200,525
0	0	11,631,377	9,484,801	1,858,940	13,490,317	11,332,684
0	0	1,109,418	643,267	247,988	1,357,406	854,452
0	0	26,262	24,758	198,744	225,006	221,996
0	0	86,902	84,931	23,054	109,956	107,512
0	0	13,215	6,693	0	13,215	6,693
0	0	14,917	12,475	0	14,917	12,475
0	0	1,091	1,039	0	1,091	1,039
0	0	272,057	224,940	2,423	274,480	227,726
0	0	126,147	118,082	0	126,147	118,082
0	0	40,940	41,241	39,689	80,629	86,921
0	0	11,485	15,253	218	11,703	17,044
0	0	163,174	147,173	691,578	854,752	823,701
0	0	12,873	43,289	0	12,873	43,289
0	0	13,377	13,744	77,112	90,489	75,061
0	0	44,297	43,068	6,933	51,230	45,393
0	0	0	0	8,447	8,447	14,434
0	0	116,442	134,279	60,076	176,518	187,948
0	0	47,122	4,881	6,682	53,804	10,651
914,833	0	916,475	1,461	3,245,169	4,161,644	3,098,254
0	0	13,075	859,663	324,938	338,013	1,177,150
0	24,751	24,751	21,251	0	24,751	21,251
0	408,131	408,131	421,094	0	408,131	421,094
0	99,650	99,650	94,378	0	99,650	94,378
0	6,809	6,809	9,245	0	6,809	9,245
0	11,466	11,466	12,785	0	11,466	12,785
0	1,309	1,309	2,898	143,357	144,666	130,473
0	2,385	2,385	2,232	0	2,385	2,232
$ 914,833	$ 554,501	$ 17,720,999	$ 15,160,887	$ 7,470,553	$ 25,191,552	$ 22,354,488

(continued)

Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

(continued)	Governmental Fund Types		Proprietary Fund Type	Fiduciary Fund Type
	General	Capital Projects	Enterprise - Oklahoma Water Resources Board	Trust and Agency
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable and Accrued Liabilities	$ 396,491	$ 1,719	$ 854	$ 2,286
Payable Under Securities				
Lending Agreements	0	0	0	1,109,418
Claims and Judgments	14,058	0	0	0
Interest Payable	4,495	0	2,338	0
Tax Refunds Payable	0	0	0	3,329
Due to Brokers	0	0	0	66,415
Due to Other Funds	13,375	0	0	3
Due to Component Units	9,434	0	0	14
Due to Primary Government	0	0	0	0
Due to Others	41,679	0	0	148,328
Deferred Revenue	218,719	0	0	6,674
Pension Obligation	0	0	0	0
Capital Leases	0	0	0	0
Compensated Absences	0	0	0	189
Benefits in the Process of Payment	0	0	0	57,075
Deferred Compensation	0	0	0	185,759
Advances from Component Units	0	0	0	0
Notes Payable	734	0	0	0
General Obligation Bonds	25	0	0	0
Revenue Bonds	167	0	175,759	0
Certificates of Participation	0	0	0	0
Other Liabilities	0	146	1,347	0
Total Liabilities	699,177	1,865	180,298	1,579,490
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings				
Reserved				
Debt Service	0	0	16,313	0
Unreserved	0	0	1,241	0
Net Unrealized Gain on Securities	0	0	0	0
Fund Balances				
Reserved				
Encumbrances	116,798	9,698	0	0
Inventory/Prepaid Items	85,327	0	0	0
Unemployment Benefits	0	0	0	593,969
Debt Service	24,751	0	0	0
Preservation of Wildlife	0	0	0	36,313
Employees Pension Benefits	0	0	0	10,627,533
Permanent Trust	0	0	0	822,690
Undistributed Revenue	0	0	0	9,519
Other Special Purposes	875	0	0	0
Unreserved				
Designated for Cash Flow Reserve Fund	348,942	0	0	0
Designated for Rainy Day Fund	308,906	0	0	0
Designated for Other Special Purposes	0	0	0	0
Undesignated	763,307	24,653	0	0
Total Fund Equity and Other Credits	1,648,906	34,351	17,554	12,090,024
Total Liabilities, Fund Equity and Other Credits	$ 2,348,083	$ 36,216	$ 197,852	$ 13,669,514

The Notes to the Financial Statements are an integral part of this statement.

Account Groups		Total Primary Government			Total Reporting Entity	
General Fixed Assets	General Long-Term Debt	(Memorandum Only) 1997	1996	Component Units	(Memorandum Only) 1997	1996
$ 0	$ 0	$ 401,350	$ 362,845	$ 145,844	$ 547,194	$ 480,838
0	0	1,109,418	643,267	247,988	1,357,406	854,452
0	1,309	15,367	14,076	850,567	865,934	875,510
0	0	6,833	6,418	49,955	56,788	56,266
0	0	3,329	2,515	0	3,329	2,515
0	0	66,415	70,592	0	66,415	70,592
0	0	13,378	16,178	78,272	91,650	76,115
0	0	9,448	10,306	4,937	14,385	12,684
0	0	0	0	44,296	44,296	42,371
0	0	190,007	158,459	18,567	208,574	173,603
0	0	225,393	243,181	138,752	364,145	345,460
0	2,385	2,385	2,232	0	2,385	2,232
0	6,809	6,809	9,245	24,212	31,021	26,252
0	99,650	99,839	94,556	50,473	150,312	144,250
0	0	57,075	59,577	0	57,075	59,577
0	0	185,759	160,639	0	185,759	160,639
0	0	0	0	0	0	0
0	36,920	37,654	37,737	55,209	92,863	101,003
0	326,540	326,565	334,680	68,498	395,063	395,420
0	69,422	245,348	257,986	2,800,229	3,045,577	3,042,841
0	11,466	11,466	12,785	0	11,466	12,785
0	0	1,493	1,215	58,165	59,658	79,597
0	554,501	3,015,331	2,498,489	4,635,964	7,651,295	7,015,002
914,833	0	914,833	847,442	1,694,588	2,609,421	2,425,846
0	0	16,313	16,344	15,711	32,024	30,059
0	0	1,241	711	533,531	534,772	514,907
0	0	0	0	29,222	29,222	35,903
0	0	126,496	149,108	0	126,496	149,108
0	0	85,327	41,661	0	85,327	41,661
0	0	593,969	547,533	0	593,969	547,533
0	0	24,751	25,556	0	24,751	25,556
0	0	36,313	35,246	0	36,313	35,246
0	0	10,627,533	8,934,578	0	10,627,533	8,934,578
0	0	822,690	784,019	0	822,690	784,019
0	0	9,519	11,152	0	9,519	11,152
0	0	875	1,071	0	875	1,071
0	0	348,942	318,677	0	348,942	318,677
0	0	308,906	114,301	0	308,906	114,301
0	0	0	0	582,843	582,843	553,622
0	0	787,960	834,999	(21,306)	766,654	816,247
914,833	0	14,705,668	12,662,398	2,834,589	17,540,257	15,339,486
$ 914,833	$ 554,501	$ 17,720,999	$ 15,160,887	$ 7,470,553	$ 25,191,552	$ 22,354,488

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Governmental Component Unit
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Governmental Fund Types		Fiduciary Fund Type
	General	Capital Projects	Expendable Trust - Employment Security Commission
Revenues			
Taxes	$ 4,963,729	$ 0	$ 107,962
Licenses, Permits and Fees	166,644	0	0
Interest and Investment Revenue	107,340	4,870	38,386
Federal Grants	2,324,174	2,148	5,860
Sales and Services	101,891	0	0
Other	190,898	43	1,328
Total Revenues	7,854,676	7,061	153,536
Expenditures			
Current			
Education	1,943,966	0	0
General Government	822,743	0	0
Health Services	304,225	0	0
Legal and Judiciary	122,338	0	0
Museums	7,383	0	0
Natural Resources	170,227	0	0
Public Safety and Defense	360,492	0	0
Regulatory Services	133,735	0	0
Social Services	2,357,480	0	107,100
Transportation	163,173	0	0
Capital Outlay	495,951	15,827	0
Debt Service			
Principal Retirement	17,996	0	0
Interest and Fiscal Charges	22,366	0	0
Total Expenditures	6,922,075	15,827	107,100
Revenues in Excess of (Less Than) Expenditures	932,601	(8,766)	46,436
Other Financing Sources (Uses)			
Operating Transfers In	7,999	0	0
Operating Transfers from Component Units	60,872	3,665	0
Operating Transfers from Primary Government	0	0	0
Operating Transfers Out	0	0	0
Operating Transfers to Component Units	(740,829)	(70,497)	0
Bond Proceeds	3,335	0	0
Capital Leases and Certificates of Participation	3,672	0	0
Sale of General Fixed Assets	5,831	0	0
Total Other Financing Sources (Uses)	(659,120)	(66,832)	0
Revenue and Other Sources in Excess of (Less Than) Expenditures and Other Uses	273,481	(75,598)	46,436
Fund Balances - Beginning of Year	1,375,425	109,949	547,533
Fund Balances - End of Year	$ 1,648,906	$ 34,351	$ 593,969

The Notes to the Financial Statements are an integral part of this statement.

Total Primary Government (Memorandum Only) 1997	Total Primary Government (Memorandum Only) 1996	Governmental Component Unit Special Indemnity Fund	Total Reporting Entity (Memorandum Only) 1997	Total Reporting Entity (Memorandum Only) 1996
$ 5,071,691	$ 4,653,544	$ 0	$ 5,071,691	$ 4,653,544
166,644	149,273	0	166,644	149,273
150,596	147,115	0	150,596	147,115
2,332,182	2,425,727	0	2,332,182	2,425,727
101,891	95,686	0	101,891	95,686
192,269	196,391	0	192,269	196,391
8,015,273	7,667,736	0	8,015,273	7,667,736
1,943,966	1,845,785	0	1,943,966	1,845,785
822,743	745,333	0	822,743	745,333
304,225	282,127	0	304,225	282,127
122,338	108,642	0	122,338	108,642
7,383	7,137	0	7,383	7,137
170,227	159,692	0	170,227	159,692
360,492	324,335	0	360,492	324,335
133,735	129,778	22,361	156,096	154,414
2,464,580	2,470,552	0	2,464,580	2,470,552
163,173	142,818	0	163,173	142,818
511,778	552,257	0	511,778	552,257
17,996	18,210	0	17,996	18,210
22,366	21,949	0	22,366	21,949
7,045,002	6,808,615	22,361	7,067,363	6,833,251
970,271	859,121	(22,361)	947,910	834,485
7,999	12,857	0	7,999	12,857
64,537	33,704	0	64,537	33,704
0	0	19,807	19,807	19,327
0	(22,931)	0	0	(22,931)
(811,326)	(722,834)	0	(811,326)	(722,834)
3,335	33,560	0	3,335	33,560
3,672	1,172	0	3,672	1,172
5,831	5,451	0	5,831	5,451
(725,952)	(659,021)	19,807	(706,145)	(639,694)
244,319	200,100	(2,554)	241,765	194,791
2,032,907	1,832,807	(18,752)	2,014,155	1,819,364
$ 2,277,226	$ 2,032,907	$ (21,306)	$ 2,255,920	$ 2,014,155

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Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)

	Budgetary General Fund		
	Final Budget	Actual	Variance
Revenues			
Taxes	$ 3,568,509	$ 3,822,281	$ 253,772
Licenses, Permits and Fees	59,575	46,949	(12,626)
Interest and Investment Revenue	79,907	94,224	14,317
Local Receipts and Reimbursements	25,234	26,691	1,457
Other	23,627	17,593	(6,034)
Total Revenues	3,756,852	4,007,738	250,886
Expenditures			
Education	111,269	101,607	(9,662)
General Government	108,873	100,654	(8,219)
Health Services	161,354	157,211	(4,143)
Legal and Judiciary	88,445	85,019	(3,426)
Museums	6,904	6,642	(262)
Natural Resources	59,195	58,249	(946)
Public Safety and Defense	335,134	331,161	(3,973)
Regulatory Services	18,178	17,342	(836)
Social Services	131,314	129,536	(1,778)
Total Expenditures	1,020,666	987,421	(33,245)
Revenues in Excess of Expenditures	2,736,186	3,020,317	284,131
Other Financing Sources (Uses)			
Operating Transfers In	9,581	17,808	8,227
Operating Transfers Out	(747,135)	(747,305)	(170)
Intra Agency Transfers to Continuing Funds	(2,129,614)	(2,129,615)	(1)
Total Other Financing Sources (Uses)	(2,867,168)	(2,859,112)	8,056
Revenue and Other Sources in Excess of Expenditures and Other Uses	(130,982)	161,205	292,187
Budgetary Fund Balance - Beginning of Year	700,721	700,721	0
Budgetary Fund Balance - End of Year	$ 569,739	$ 861,926	$ 292,187

The Notes to the Financial Statements are an integral part of this statement.

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Proprietary Component Units

For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Operating Revenues		
Licenses, Permits and Fees	$ 0	$ 1,518
Sales and Services	0	74
Interest and Investment Revenue	10,061	67,126
Rental Revenue	0	9,661
Sale of Investments	0	18,150
Other	0	2
Total Operating Revenues	10,061	96,531
Operating Expenses		
Operations and Maintenance of Facilities	0	0
Losses and Loss Expense	0	0
Administrative and General Expense	777	2,307
Interest Expense	7,807	0
Depreciation Expense	0	0
Benefit Payments and Refunds	0	36,146
Total Operating Expenses	8,584	38,453
Operating Income	1,477	58,078
Nonoperating Revenues (Expenses)		
Interest and Investment Revenue	0	0
Other Nonoperating Revenues	0	0
Interest Expense	0	0
Amortization of Losses and Discounts	0	0
Other Nonoperating Expenses	0	0
Total Nonoperating Revenues (Expenses)	0	0
Income Before Operating Transfers	1,477	58,078
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(978)	(7,021)
Operating Transfers to Component Units	0	(12,952)
Operating Transfers to Primary Government	0	0
Costs to be Recovered from Future Revenues	0	0
Net Income (Loss)	499	38,105
Retained Earnings/Fund Balances - Beginning of Year	17,055	830,417
Retained Earnings/Fund Balances - End of Year	$ 17,554	$ 868,522

The Notes to the Financial Statements are an integral part of this statement.

Total Primary Government (Memorandum Only) 1997	Total Primary Government (Memorandum Only) 1996	Component Units Proprietary	Total Reporting Entity (Memorandum Only) 1997	Total Reporting Entity (Memorandum Only) 1996
$ 1,518	$ 955	$ 0	$ 1,518	$ 955
74	74	980,909	980,983	1,033,274
77,187	75,706	55,621	132,808	130,765
9,661	8,417	0	9,661	8,417
18,150	6,901	0	18,150	6,901
2	0	13,571	13,573	13,089
106,592	92,053	1,050,101	1,156,693	1,193,401
0	0	300,585	300,585	279,066
0	0	181,803	181,803	282,165
3,084	983	111,773	114,857	113,416
7,807	8,578	54,129	61,936	62,997
0	0	80,044	80,044	83,104
36,146	39,532	298,040	334,186	292,740
47,037	49,093	1,026,374	1,073,411	1,113,488
59,555	42,960	23,727	83,282	79,913
0	0	141,629	141,629	124,328
0	0	1,413	1,413	4,186
0	0	(118,393)	(118,393)	(121,746)
0	0	(17,645)	(17,645)	(17,891)
0	0	(13,890)	(13,890)	(7,877)
0	0	(6,886)	(6,886)	(19,000)
59,555	42,960	16,841	76,396	60,913
0	0	58,163	58,163	54,082
(7,999)	(12,857)	0	(7,999)	(12,857)
(12,952)	(14,287)	0	(12,952)	(14,287)
0	0	(60,303)	(60,303)	(27,505)
0	0	6,630	6,630	9,124
38,604	15,816	21,331	59,935	69,470
847,472	831,656	527,911	1,375,383	1,305,913
$ 886,076	$ 847,472	$ 549,242	$ 1,435,318	$ 1,375,383

Combined Statement of Cash Flows
Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Proprietary Component Units
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Cash Flows from Operating Activities		
Operating Income	$ 1,477	$ 58,078
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	0	0
Amortization (Accretion) and Other Noncash Expenses	191	9,921
Other	0	0
Reclassification of Investment Income	0	(78,142)
Decrease (Increase) in Assets		
Accounts Receivable	0	0
Interest and Investment Revenue Receivable	(19)	0
Interfund Receivable	0	(10)
Inventory	0	0
Prepaid Items	0	0
Long-Term Notes Receivable	0	0
Other Current Assets	0	0
Other Noncurrent Assets	0	0
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	357	0
Claims and Judgments	0	0
Interest Payable	(64)	0
Deferred Revenue	0	(54)
Other Current Liabilities	0	0
Due to Primary Government	0	0
Other Noncurrent Liabilities	0	0
Net Cash Provided (Used) by Operating Activities	1,942	(10,207)
Cash Flows from Noncapital Financing Activities		
Proceeds from Bonds and Notes Payable	0	0
Contributed Capital from Non-State Sources	0	0
Operating Transfers from Primary Government	0	0
Operating Transfers Out	(978)	(7,021)
Operating Transfers to Component Units	0	(12,952)
Operating Transfers to Primary Government	0	0
Principal Paid on Bonds and Notes Payable	(11,560)	0
Other Noncapital Financing Activity	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	$ (12,538)	$ (19,973)

The Notes to the Financial Statements are an integral part of this statement.

Total Primary Government		Component Units	Total Reporting Entity	
(Memorandum Only)			(Memorandum Only)	
1997	1996	Proprietary	1997	1996
$ 59,555	$ 42,960	$ 23,727	$ 83,282	$ 79,913
0	0	80,044	80,044	83,104
10,112	5,339	5,524	15,636	9,459
0	54	954	954	620
(78,142)	(71,035)	0	(78,142)	(71,035)
0	0	(4,393)	(4,393)	2,494
(19)	(375)	(1,498)	(1,517)	(17,984)
(10)	(3)	875	865	4,044
0	0	(5,114)	(5,114)	(2,064)
0	0	83	83	197
0	0	(18,838)	(18,838)	2,553
0	0	387	387	0
0	0	4,441	4,441	3,652
357	155	(674)	(317)	(1,344)
0	0	(27,754)	(27,754)	29,974
(64)	93	54	(10)	(387)
(54)	507	(16,628)	(16,682)	(14,342)
0	0	29	29	5
0	0	1,319	1,319	0
0	865	(413)	(413)	3,715
(8,265)	(21,440)	42,125	33,860	112,574
0	49,615	177,795	177,795	215,605
0	0	0	0	16
0	0	58,163	58,163	54,082
(7,999)	(12,857)	0	(7,999)	(12,857)
(12,952)	(14,287)	0	(12,952)	(14,287)
0	0	(60,303)	(60,303)	(27,505)
(11,560)	(8,450)	(152,869)	(164,429)	(143,668)
0	0	(759)	(759)	(303)
$ (32,511)	$ 14,021	$ 22,027	$ (10,484)	$ 71,083

(continued)

Combined Statement of Cash Flows
Proprietary Fund Type, Nonexpendable Trust Funds and Discretely Presented Proprietary Component Units
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

(continued)

	Proprietary Fund Type	Fiduciary Fund Types
	Enterprise - Oklahoma Water Resources Board	Nonexpendable Trusts
Cash Flows from Capital and Related Financing Activities		
Proceeds from Bonds and Notes Payable	$ 0	$ 0
Payments for Acquisitions of Fixed Assets	0	0
Principal Paid on Bonds, Notes, and Capital Leases	0	0
Interest Paid on Bonds, Notes, and Capital Leases	0	0
Increase in Payable Under Security Lending Agreement	0	0
Other Capital and Related Financing Activity	0	0
Net Cash (Used) by Capital and Related Financing Activities	0	0
Cash Flows from Investing Activities		
Interest and Investment Revenue	0	69,144
Fees Paid Under Security Lending Agreement	0	0
Increase in Security Lending Investment Pool	0	0
Proceeds from Sale and Maturity of Investments	25,617	246,719
Principal Received from Notes Receivable	8,531	649
Payments to Purchase Investments	0	(462,860)
Payments to Issue Notes Receivable	(24,530)	0
Net Cash Provided (Used) by Investing Activities	9,618	(146,348)
Net Increase (Decrease) in Cash/Cash Equivalents	(978)	(176,528)
Cash/Cash Equivalents - Beginning of Year	2,155	195,391
Cash/Cash Equivalents - Fiduciary Activities	0	0
Cash/Cash Equivalents - End of Year	$ 1,177	$ 18,863

Reconciliation of Cash/Cash Equivalents to Combined Balance Sheet

Cash/Cash Equivalents per Combining Balance Sheets:	
Expendable Trusts	$ 590,440
Nonexpendable Trusts	18,863
Pension Trusts	76,941
Agency Funds	145,751
Governmental Component Unit	
Proprietary Component Units	
Higher Education Component Unit	
Total	$ 831,995

Noncash Capital and Related Financing Activities

Donated Equipment
Accounts Payable Incurred for Equipment

The Notes to the Financial Statements are an integral part of this statement.

Total Primary Government (Memorandum Only) 1997	Total Primary Government (Memorandum Only) 1996	Component Units Proprietary	Total Reporting Entity (Memorandum Only) 1997	Total Reporting Entity (Memorandum Only) 1996
$ 0	$ 0	$ 10,664	10,664	$ 178,212
0	0	(54,358)	(54,358)	(67,499)
0	0	(51,995)	(51,995)	(226,665)
0	0	(119,468)	(119,468)	(120,488)
0	0	36,803	36,803	134,807
0	0	184	184	249
0	0	(178,170)	(178,170)	(101,384)
69,144	70,174	102,065	171,209	160,937
0	0	(10,743)	(10,743)	0
0	0	(36,803)	(36,803)	(134,807)
272,336	412,101	1,615,546	1,887,882	1,658,102
9,180	85,752	5,213	14,393	91,798
(462,860)	(344,516)	(1,573,227)	(2,036,087)	(1,625,433)
(24,530)	(23,383)	(3,673)	(28,203)	(26,501)
(136,730)	200,128	98,378	(38,352)	124,096
(177,506)	192,709	(15,640)	(193,146)	206,369
197,546	4,837	163,963	361,509	155,140
0	0	105	105	0
$ 20,040	$ 197,546	$ 148,428	$ 168,468	$ 361,509

$	206
	148,428
	386,571
$	535,205

$	120
	303

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Combined Statement of Changes In Plan Net Assets Pension Trust Funds

For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Pension Trusts	
	1997	1996
Additions		
Contributions		
Employer Contributions	$ 295,020	$ 220,283
Employee Contributions	230,871	200,299
Other Contributions	230,192	186,474
Total Contributions	756,083	607,056
Investment Income		
Net Appreciation in fair value of investments	1,393,082	864,924
Investment and Interest Revenue	375,512	334,060
	1,768,594	1,198,984
Less Investment Expense	59,033	38,053
Net Investment Income	1,709,561	1,160,931
Other Revenue	197	85
Total Additions	2,465,841	1,768,072
Deductions		
Administrative and General Expenses	6,738	6,149
Benefit Payments and Refunds	766,148	719,024
Total Deductions	772,886	725,173
Net Increase	1,692,955	1,042,899
Fund Balance Reserved for Employees' Pension Benefits		
Beginning of Year	8,934,578	7,891,679
End of Year	$ 10,627,533	$ 8,934,578

The Notes to the Financial Statements are an integral part of this statement.

Combined Statement of Changes in Fund Balances
Component Unit - Higher Education Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Current Funds	
	Unrestricted	Restricted
Revenues and Other Additions		
Unrestricted Current Fund Revenues	$ 705,979	$ 0
Endowment Income	0	3,049
Federal Grants and Contracts	0	226,165
State and Local Grants and Contracts	0	48,308
Private Gifts, Grants and Contracts	0	61,754
Auxiliary Enterprises	0	1,132
Investment and Interest Revenue	0	3,707
Retirement of Indebtedness	0	0
Expended for Plant Facilities	0	0
Other	0	3,718
Total Revenues and Other Additions	705,979	347,833
Expenditures and Other Deductions		
Education and General Expenditures	976,296	347,815
Auxiliary Enterprises	218,440	256
Professional Practice Plans and Clinics	94,866	0
Expended for Plant Facilities	0	0
Indirect Cost Recoveries	0	19,845
Cancellation of Student Loans	0	0
Administrative and Collection Costs	0	0
Interest on Indebtedness	0	0
Retirement of Equipment	0	0
Retirement of Indebtedness	0	0
Disposal of Plant Facilities	0	0
Depreciation and Amortization	0	0
Other	0	313
Total Expenditures and Other Deductions	1,289,602	368,229
Transfers Among Funds - Additions (Deductions)		
Mandatory Transfers		
Principal and Interest	(12,910)	(168)
Loan Fund Matching Grant	(169)	(5)
Other	(545)	523
Nonmandatory	(3,755)	896
Operating Transfers from Primary Government	617,179	29,059
Total Transfers Among Funds	599,800	30,305
Net Increase (Decrease) in Fund Balances	16,177	9,909
Fund Balances - Beginning of Year	245,262	56,106
Fund Balances - End of Year	$ 261,439	$ 66,015

The Notes to the Financial Statements are an integral part of this statement.

Loan Funds	Endowment Funds	Plant Funds	Total (Memorandum Only) 1997	1996
$ 0	$ 0	$ 0	$ 705,979	$ 662,097
0	0	0	3,049	1,377
617	0	573	227,355	227,187
0	0	27,181	75,489	70,240
44	724	2,028	64,550	38,826
0	0	0	1,132	0
1,586	5,752	6,785	17,830	20,389
0	0	21,070	21,070	26,232
0	0	158,697	158,697	181,584
1,016	1,454	11,766	17,954	17,133
3,263	7,930	228,100	1,293,105	1,245,065
18	6,270	0	1,330,399	1,225,721
0	0	0	218,696	215,022
0	0	0	94,866	77,739
0	0	106,805	106,805	125,873
0	0	0	19,845	17,292
2,818	0	0	2,818	1,712
153	0	0	153	834
0	0	10,856	10,856	9,557
0	0	7,271	7,271	3,139
0	0	14,721	14,721	26,461
0	0	14,802	14,802	8,422
0	0	30,623	30,623	27,321
1,022	27	3,766	5,128	6,532
4,011	6,297	188,844	1,856,983	1,745,625
0	0	13,078	0	0
174	0	0	0	0
0	22	0	0	0
(33)	(30)	2,922	0	0
38	7,200	55,807	709,283	680,525
179	7,192	71,807	709,283	680,525
(569)	8,825	111,063	145,405	179,965
49,998	91,467	1,689,193	2,132,026	1,952,061
$ 49,429	$ 100,292	$ 1,800,256	$ 2,277,431	$ 2,132,026

Combined Statement of Current Funds, Revenues, Expenditures and Other Changes
Component Unit - Higher Education Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1997	1996
Revenues				
Tuition and Fees	$ 244,054	$ 0	$ 244,054	$ 241,741
Federal Appropriations	10,519	0	10,519	11,161
Federal Grants and Contracts	14,989	215,950	230,939	219,151
State and Local Grants and Contracts	5,830	40,928	46,758	66,341
Private Gifts, Grants and Contracts	25,203	56,434	81,637	51,975
Investment and Interest Revenue	2,901	62	2,963	3,210
Endowment Income	1,849	2,662	4,511	3,117
Sales and Services				
Educational Department	18,539	2	18,541	18,672
Auxiliary Enterprises	215,655	1,132	216,787	212,588
Professional Practice Plans and Clinics	108,063	0	108,063	81,163
Other Sources	58,377	2,878	61,255	58,071
Total Revenues	705,979	320,048	1,026,027	967,190
Expenditures and Mandatory Transfers				
Educational and General				
Instruction	476,628	39,380	516,008	444,221
Research	48,077	87,147	135,224	151,041
Public Service	43,324	55,572	98,896	97,897
Academic Support	124,930	2,249	127,179	116,622
Student Services	50,074	27,616	77,690	67,904
Institutional Support	102,437	7,986	110,423	99,113
Operation/Maintenance of Plant	94,117	206	94,323	84,274
Scholarships and Fellowships	36,709	127,659	164,368	159,767
Other	0	97	97	0
Education and General Expenditures	976,296	347,912	1,324,208	1,220,839
Mandatory Transfers				
Principal and Interest	5,566	168	5,734	3,894
Loan Fund Matching Grant	162	5	167	210
Other	545	(523)	22	473
Total Education and General	982,569	347,562	1,330,131	1,225,416
Auxiliary Enterprises	218,440	256	218,696	199,429
Mandatory Transfers				
Principal and Interest	7,336	0	7,336	6,754
Loan Fund Matching Grant	7	0	7	(13)
Other	0	0	0	26
Total Auxiliary Enterprises	$ 225,783	$ 256	$ 226,039	$ 206,196

The Notes to the Financial Statements are an integral part of this statement.

	Current Funds		Total Current Funds	
	Unrestricted	Restricted	1997	1996
Professional Practice Plans and Clinics	$ 94,866	$ 0	$ 94,866	$ 77,739
Mandatory Transfers	8	0	8	11
Total Professional Practice Plans and Clinics	94,874	0	94,874	77,750
Total Expenditures and Mandatory Transfers	1,303,226	347,818	1,651,044	1,509,362
Other Transfers and Additions (Deductions)				
Restricted Receipts in Excess of Transfers to Revenues	0	7,940	7,940	10,044
Refunded to Grantors	0	(216)	(216)	(150)
Nonmandatory	(3,755)	896	(2,859)	(24,981)
Operating Transfers from Primary Government	617,179	29,059	646,238	581,128
Other Transfers and Additions, Net	613,424	37,679	651,103	566,041
Net Increase in Fund Balances	$ 16,177	$ 9,909	$ 26,086	$ 23,869

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NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the "State") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of the Higher Education Component Unit are based on the American Institute of Certified Public Accountants College Guide model.

The accompanying financial statements present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary and nonexpendable trust funds. The financial statements are presented as of June 30, 1997, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts and authorities and any other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The State has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. Local school districts (the State's support of the public education system is reported in the General Fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

As required by generally accepted accounting principles, these financial statements present the State of Oklahoma (the primary government) and its component units.

Blended Component Units

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, a part of the State. They are included in the fiduciary fund type.

The six Public Employee Retirement Systems (PERS) administer pension funds for the State and its political subdivisions. The six PERS are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. The Board of Trustees for each system is appointed pursuant to state statute. The six PERS were audited by independent auditors for the period ended June 30, 1997, and their reports, dated from August 29, 1997, to October 24, 1997, have been previously issued under separate covers.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units columns of the combined financial statements include the financial data of the following entities.

Governmental Component Unit

A separately issued independent audit report may be obtained from the Office of State Finance, 2300 North Lincoln, Suite 122, Oklahoma City, Oklahoma 73105, or the component unit's office at the address presented on the description page of the combining financial statement section of this report.

Special Indemnity Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury. The State can impose its will on the Fund by its ability to remove management at will. The Fund was audited by other independent auditors for the period ended December 31, 1996, and their report, dated February 21, 1997, has been previously issued under separate cover.

Proprietary Component Units

Separately issued independent audit reports may be obtained from the Office of State Finance, 2300 North Lincoln, Suite 122, Oklahoma City, Oklahoma 73105, or the respective proprietary component units at the addresses presented on the description page of the combining financial statement section of this report.

Oklahoma Industrial Finance Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The Authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1997, and their report, dated September 17, 1997, has been previously issued under separate cover.

Health Insurance High Risk Pool (HIHRP) provides health insurance to individuals who are unable to obtain coverage from independent insurers. HIHRP is financed by assessments levied on independent insurers. The Board consists of nine members appointed by the Insurance Commissioner. The State can impose its will on the Pool by its ability to modify the decisions of the Board.

State Insurance Fund (SIF) provides a source for workers' compensation insurance for all public and private employers within the State and operates similarly to an insurance company. SIF is financed through employer premiums. The Board of Managers is comprised of nine members: The Director of State Finance, the Lieutenant Governor, the State Auditor (or their designees), the Director of Central Services, and appointees by the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The State can impose its will on the Fund by its ability to remove board members at will. The Fund was audited by other independent auditors for the year ended December 31, 1996, and their report, dated February 28, 1997, has been previously issued under separate cover.

State and Education Employees Group Insurance Board provides group health, life, dental, disability and other benefits to active employees and retirees of the State and certain other eligible participants. The Board is financed through employer and employee premiums. The Board consists of eight members: the State Insurance Commissioner, the Director of State Finance, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. A financial benefit/burden relationship exists between the State and the Board. The Board was audited by other independent auditors for the year ended June 30, 1997, and their report, dated October 24, 1997, has been previously issued under separate cover.

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The Authority is composed of five members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1997, and their report, dated September 15, 1997, has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The Authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the Authority. The Authority is governed by a six-member board consisting of appointees of the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate, and officials from the state Medicaid Program, the University of Oklahoma Health Sciences Center and the Authority. A financial benefit/burden relationship exists between the State and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 1997, and their report, dated November 5, 1997, has been previously issued under separate cover.

Medical Technology and Research Authority is authorized to promote and assist the development of medical technology and research benefiting the citizens of Oklahoma. The Authority obtains funds through parking revenue, lease revenue, and other services. The Authority is directed by an eight-member board. The two ex officio members include the President of the University of Oklahoma and the Chief Executive Officer of The University Hospitals, or their designees. Of the remaining members, two are appointed by the Governor and one is appointed by each of the following; Speaker of the House of Representatives, President Pro Tempore of the Senate, President of the University of Oklahoma and the Director of the Department of Human Services. The State can impose its will on the Authority by its ability to modify or approve the Authority's fee changes. The Authority was audited by the State Auditor and Inspector for the year ended June 30, 1997, and their report, dated September 26, 1997, has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the State. The Authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the State. The Governing Board is comprised of seven members, of which five are appointed by the Governor, with the advice and consent of the Senate, plus the Director of the Department of Commerce and the State Treasurer. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 1997, and their report, dated September 5, 1997, has been previously issued under separate cover.

Oklahoma Environmental Finance Authority provides public and private entities financing for facilities necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes. The three Trustees of the Authority are appointed by the Governor. The State can impose its will on the Authority by its ability to remove trustees at will. The Authority was audited by other independent auditors for the year ended June 30, 1997, and their report, dated September 11, 1997, has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of the State. In addition, the Agency administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development. The Board of Trustees consists of five members appointed by the Governor. The State can impose its will on the Authority by its ability to veto or modify the Agency's decisions. The Agency was audited by other independent auditors for the year ended September 30, 1996, and their report, dated December 29, 1996, has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the Governor and six members appointed by the Governor, with the advise and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 1996, and their report, dated March 25, 1997, has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy, and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The Board of Directors consists of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 1996, and their report, dated March 14, 1997, has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the State to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the State's Bond Oversight Commission. Exclusion of the component unit would cause the State's financial statements to be misleading or incomplete. The Authority was audited by other independent auditors for the year ended December 31, 1996, and their report, dated February 7, 1997, has been previously issued under separate cover.

Higher Education Component Unit

Separately issued independent audit reports for each college, university, or other included entity may be obtained from the Office of State Finance, 2300 North Lincoln, Suite 122, Oklahoma City, Oklahoma 73105.

This component unit is primarily comprised of the twenty-five colleges and universities that are members of the Oklahoma State System of Higher Education (the "System"). Each institution in the System is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on each institution by its ability to modify and approve their budget and its ability to approve fee changes. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities.

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The Board consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Board of Regents by its ability to modify and approve their budget.

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System. The Board of Regents for Higher Education consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the State Regents for Higher Education by its ability to modify and approve their budget.

Ardmore Higher Education Program and **McCurtain County Higher Education Program** were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System. Each Program is administered by a Board of Trustees who are appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Programs by its ability to modify and approve their budget.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and **Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary

source of operating funds is ad valorem taxes assessed against real property located in their districts. The Districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.

The entities included in the Higher Education Component Unit were audited by independent auditors, for the year ended June 30, 1997, and reports dated from August 1, 1997, to November 14, 1997, have been previously issued under separate cover. Because these entities are similar in nature and function, they have been combined and presented as a single component unit.

Related Organizations and Related Parties

Organizations, for which a primary government is accountable because the State appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordinance Works Authority (OOWA) is a related organization of the State. The State appoints a voting majority of the Trustees of OOWA but has no further accountability.

Oklahoma Education Television Authority Foundation, Inc. is a non-profit organization established to receive private donations and contributions that could be used for the benefit of the Oklahoma Education Television Authority (OETA), a part of the primary government. The Foundation does not meet the definition of a component unit but is considered a related party of OETA. During the fiscal year ended June 30, 1997, the foundation disbursed approximately $4,000,000 for the benefit of OETA.

The colleges and universities included in the Higher Education Component Unit have various foundations organized for the purpose of receiving and administering gifts intended for the benefit of their respective college or university. These foundations do not meet the definition of a component unit but are considered a related party of the college or university. During the fiscal year ended June 30, 1997, these foundations expended, on-behalf of the State's colleges and universities, approximately $43,500,000 for facilities and equipment, salary supplements, general educational assistance, faculty awards, and scholarships.

B. Fund Accounting

The financial activities of the State are recorded in individual Funds classified by type, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A Fund is a separate accounting entity with a self-balancing set of accounts. An Account Group is a financial reporting device designed to provide accountability for assets and liabilities that are not recorded in Funds because they do not directly affect net expendable available financial resources.

The financial activities of the State reported in the accompanying financial statements have been classified into the following fund types and account groups.

1. Governmental Fund Types

General Fund - This Fund accounts for all activities of the State not specifically required to be accounted for in other Funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the General Fund with a reservation of fund balance for debt service.

Capital Projects Fund - This Fund accounts for financial resources used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds, similar trust funds, or higher education funds. These resources are derived from proceeds of the general obligation bond issues on March 9, 1993, and July 21, 1993.

2. Proprietary Fund Type

Enterprise Fund - This Fund accounts for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate. This Fund is comprised of Oklahoma Water Resources Board bond issues.

3. Fiduciary Fund Types

The State presents as Fiduciary Funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other Funds.

Nonexpendable Trust Funds - These Funds require that the principal of the trusts be preserved intact. Only the earnings of the Funds are expendable. They account for trust transactions, assets, liabilities, and fund equity of the Commissioners of the Land Office and the Department of Wildlife.

Expendable Trust Fund - This Fund allows for the spending of both the principal and earnings of the Trust. The Fund accounts for assets received and expended by the Oklahoma Employment Security Commission, from the Federal Unemployment Insurance Trust Fund.

Pension Trust Funds - These Funds account for the transactions, assets, liabilities, and fund equity of the seven State retirement systems (six PERS and the Wildlife Conservation Retirement Plan).

Agency Funds - These Funds account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals.

4. Account Groups

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets acquired or constructed for general governmental purposes other than those of the proprietary, similar trust funds, governmental component units, proprietary component units, or higher education fund types.

General Long-Term Debt Account Group - This group of accounts is used to account for unmatured general obligation bonds, revenue bonds, certificates of participation, lease revenue bonds, capital lease obligations, employee leave obligations, and other long-term obligations not recorded in proprietary, similar trust funds, governmental component units, proprietary component units, or higher education fund types.

5. Component Units

These Funds are legally separate from the State but are considered part of the State reporting entity.

Governmental Funds – These Funds meet the definition of a component unit as previously described.

Special Revenue Fund – This fund is used to account for transactions in which the source of revenue is specific (other than expendable trust), the fund requires separate accounting because of the legal restriction, and the purpose of the expenditure is specific.

Proprietary Funds - These Funds meet the definition of both a component unit and that of an enterprise fund as previously described.

Higher Education Funds - These Funds account for transactions related to the resources received and used in the operation of the State's colleges and universities.

Current Funds - These Funds account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds that may be utilized in accordance with externally restricted purposes.

Loan, Endowment, and Agency Funds - These Funds account for assets in which the colleges and universities act in a fiduciary capacity.

Plant Funds - These Funds account for institutional property acquisition, renewal, replacement, and debt service.

Financial Statement Reporting Periods

The accompanying financial statements of the State are presented as of June 30, 1997, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

Special Indemnity Fund	12-31-96
State Insurance Fund	12-31-96
Oklahoma Turnpike Authority	12-31-96
Grand River Dam Authority	12-31-96
Oklahoma Municipal Power Authority	12-31-96
Oklahoma Housing Finance Agency	9-30-96

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds, the expendable trust fund and the governmental component unit are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, pension trust funds and proprietary component units are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (i.e., net total assets) is segregated into retained earnings components. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government enterprise fund has elected to not apply FASBs issued after the applicable date. Each proprietary component unit has individually made this election as disclosed in their separate audit reports.

All capital project funds and proprietary component units account for arbritage rebate payable as a liability of the fund. The increase in the obligation has been recorded in operations as a reduction of current year interest income.

All governmental funds, expendable trust and agency funds are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and related current assets are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year when such revenues are susceptible to accrual; expenditures and liabilities are recognized when obligations are incurred as a result of receipt of goods and services. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with

Generally Accepted Accounting Principles since they have been earned and are expected to be collected within sixty days of the end of the period. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 1997, has been reported in the general long-term debt account group (see Item M of this Note).

- Interest on general long-term obligations is recognized when paid.

- Executory purchase orders and contracts are recorded as a reservation of fund balance.

The accounts of the enterprise, nonexpendable trust, pension trust funds, and proprietary component units are reported using the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The Higher Education Component Unit is accounted for on the accrual basis of accounting, with the following exceptions:

- Fifteen of the State's colleges and universities report depreciation expense related to plant fund assets.

- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

The Higher Education Component Unit is an aggregate of financial statements from the 32 higher education entities described in Item A of this Note.

D. Budgeting and Budgetary Control

The State's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis at June 30, 1997, to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in Note 2.

The Governor prepares and submits to the Legislature at the beginning of each annual session a balanced budget based on budget requests prepared by the various state agencies. The General Fund is the only Fund for which an annual budget is legally adopted. Budgeted expenditures can not exceed the amount available for appropriation as certified by the State Board of Equalization. The Legislature may modify the Governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The Governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of State Finance can approve transfers between line items up to 25%. The Contingency Review Board (a three-member board comprised of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended moneys for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for management to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to 30 months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Director of State Finance is required to reduce the budget by the amount of such deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental

appropriation. For fiscal year 1997, $14,041,546 was approved by the Legislature for supplemental appropriation. All fiscal year 1997 appropriated line items were within their authorized spending level.

E. Cash and Cash Equivalents

The State uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each Fund has an equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each Fund based on its equity in the pooled amount. Interest earned on investments is allocated to the General Fund except for those investments made specifically for the Capital projects fund, proprietary fund type, fiduciary fund type, proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by Federal law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the Fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash.

F. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Governmental fund type investments are generally stated at cost, which approximates market. Enterprise and nonexpendable trust funds' investments are generally recorded at cost, adjusted for premiums and discounts. Adjusted cost approximates market. Investments are recorded at fair value for pension trust funds. Agency fund investments, with the exception of the Deferred Compensation Plan, are generally stated at cost, which approximates market. However, investments in mutual funds are stated at their fair market value based on published prices. Deferred Compensation Plan assets are carried at market.

Proprietary component units' investments are recorded in accordance with their election under GASB 20 (see Item C). The Oklahoma Industrial Finance Authority, State Insurance Fund, Oklahoma State and Education Employees Group Insurance Board, Oklahoma Student Loan Authority, Oklahoma Development Finance Authority, and Grand River Dam Authority record investments at fair value. All other proprietary component units record investments at cost, adjusted for premiums and discounts, which approximates market.

Generally, the Higher Education Component Unit investments are recorded at cost, adjusted for amortization of premiums and discounts, or fair market value at the date of the gift. Adjusted cost approximates market. The exception is the University of Oklahoma and the University of Oklahoma Health Sciences Center who both early implemented GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Statement 31 requires that investments be reported at fair value.

G. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes, that are collected within sixty days after year end. Lease payments receivable in the General Fund consists of capital lease payments due for equipment and

railroad lines owned by the Department of Transportation. Collectibility of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in fiduciary funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

H. Inter/Intrafund Transactions

Interfund Transactions - The State has three types of interfund transactions.

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the Funds involved.

- Operating appropriations/subsidies are accounted for as operating transfers in the Funds involved.

- Equity and working capital contributions are accounted for as residual equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund equity).

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same Fund, are considered expenditures by the contractor and revenues by the contractee for budgetary purposes. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) includes these transactions. However, recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis Combined Statement of Revenues, Expenditures, and Changes in Fund Balances.

A portion of motor fuel excise taxes collected on fuels consumed on the State's turnpikes is made available to the Oklahoma Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are to be transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent Due to Other Funds on the financial statements of OTA.

I. Inventories

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominately on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a reservation of fund balance on the balance sheet, except for $73,952,000 in food stamps which is recorded as inventory and deferred revenue. Upon distribution, the food stamps are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the agency fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the general fund is valued at coupon value. The food stamp inventory includes amounts at remote locations in the counties of the State. State statute provides that counties must participate in the food stamp program, have adequately qualified personnel, have suitable facilities for storing and issuing stamps, and provide bonding of personnel and insurance as required by the State. State statute also provides for the distribution of food stamps within a county through one or more issuing offices, through local banks, or through other means. Regardless of the distribution means, the food stamp inventory at remote locations remains under State jurisdiction until issued to eligible recipients.

Higher education inventories are stated at the lower of cost or market, cost being determined on either the first-in first-out or average cost basis.

J. Fixed Assets

General Fixed Assets - Fixed assets used in governmental-type operations (general fixed assets) are recorded as expenditures in the governmental funds and the related assets are reported in the General Fixed Assets Account Group (GFAAG). Purchased and constructed general fixed assets are valued in the GFAAG at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation. The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Significant general fixed assets which have a cost in excess of $25,000 at the date of acquisition and have an expected useful life of five or more years are capitalized.

Interest incurred during construction of capital facilities is not capitalized. General fixed assets are not depreciated.

Infrastructure is normally immovable and of value only to the State. Infrastructure, which includes roads, bridges, dikes, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, is not reported in the General Fixed Assets Account Group.

Proprietary and Similar Trust Fund Fixed Assets - Purchased and constructed fixed assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation. Fixed assets, excluding land, are depreciated on the straight-line method over the assets' estimated useful life. Generally, estimated useful lives are as follows:

Buildings and Other Improvements	7 - 45 years
Machinery and Equipment	3 - 20 years

Higher Education Fixed Assets - Purchased and constructed fixed assets are stated principally at cost or fair market value at the date of donation in the case of gifts. Depreciation is provided for the cost of plant assets of certain colleges and universities which elect the option of reporting depreciation expense in Plant Funds. Depreciation, which is charged to expenditures, is computed on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and Other Improvements	40 - 60 years
Machinery and Equipment	5 - 10 years

K. Other Assets

Included in other assets (noncurrent for proprietary component units) are costs to be recovered from future revenues. Certain items included in the operating costs of **Grand River Dam Authority**, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded fixed assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The **Oklahoma Municipal Power Authority** (OMPA) enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current

operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, OMPA currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are deferred to future periods in which these amounts will be recovered through revenues.

L. Deferred Revenue

Deferred revenues arise when potential revenue does not meet the available criterion for recognition in the current period. Available is defined as due (or past due) at June 30, and collected thereafter to pay obligations due at June 30. Deferred revenues also arise when resources are received by the State before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized.

Also included in deferred revenue is the undistributed food stamp inventory.

M. Compensated Absences

Employees entering State service prior to July 1, 1996, earn annual vacation leave at the rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Employees entering State service on or after July 1, 1996, earn annual vacation leave at the rate of 6.66 hours per month for the first 5 years of service, 10 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued annual leave is payable upon termination, resignation, retirement, or death. The General Fund records expenditures when employees are paid for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Debt Account Group.

N. Risk Management

The Risk Management Division of the Department of Central Services is responsible for the acquisition and administration of all insurance purchased by the State, or administration of any self-insurance plans and programs adopted for use by the State or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Division is authorized to settle claims of the State and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Division oversees the collection of liability claims owed to the State incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the State presented to the Risk Management Division.

O. Federal Grants

In addition to monetary transactions, Federal grants also include non-monetary transactions for surplus inventory, food stamps, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the Agency Fund.

P. Fund Balance Reserves and Designations

The State's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying combined balance sheet, reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The State's fund balance designation reflects tentative plans for future use of financial resources.

Q. Deficit Fund Balance - Special Indemnity Fund

The Special Indemnity Fund, a governmental component unit, has a deficit fund balance of $21,306,000 at December 31, 1996. Management is not aware of any pending legislation to reduce this deficit.

R. Total (Memorandum Only)

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of these data.

S. Comparative Data/Restatements

Comparative total (Memorandum Only) data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the State's financial position and operations. Certain amounts presented have been reclassified and/or restated to be consistent with the current year presentation.

Note 2. Budgetary Reporting

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the legally adopted budget with actual data on a budgetary basis.
Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts so transferred may then be rebudgeted in subsequent fiscal years. These transfers are not included in the total expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis), but are reported as a separate item under Other Financing Uses. Presented below are transfers to continuing funds by function of government within the General Fund and a reconciliation to the Schedule of Expenditures and Intra-Agency Transfers as presented in the Required Supplementary Information (expressed in thousands):

Education	$	1,251,340
General Government		5,078
Health Services		6,875
Legal and Judiciary		1,452
Natural Resources		849
Regulatory Services		75
Social Services		658,631
Transportation		205,315
Total Transfers to Continuing Funds		2,129,615
Total Expenditures per Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Non-GAAP Budgetary Basis)		987,421
Total per Schedule of Expenditures and Intra-Agency Transfers as Presented in the Required Supplementary Information	$	3,117,036

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 1997, is presented below (expressed in thousands) for the General Fund.

Budgetary Basis Fund Balance, June 30, 1996	$	700,721
Excess of total sources over total uses of financial resources (Budgetary Basis)		161,205
Budgetary Basis Fund Balance, June 30, 1997		861,926
Entity and Perspective Differences:		
Non-budgeted Funds and Capital Funds		752,576
Encumbrances		51,011
Basis Differences:		
Add: Net accrued revenues, related receivables, and deferred revenues		304,572
Less: Net accrued expenditures and related liabilities		(321,179)
GAAP Basis Fund Balance, June 30, 1997	$	1,648,906

Note 3. Deposits and Investments

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the amount of collateral securities to be pledged by financial institutions through the State Treasurer's Office are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. This percentage may vary for political subdivisions according to their respective policies.

In accordance with State statute, the State Treasurer may purchase and invest in the following:

Obligations of the United States Government, its agencies and instrumentalities
Prime banker's acceptances
Investment grade obligations of state and local governments
Money market funds
Collateralized or insured certificates of deposit
Negotiable certificates of deposit
Prime commercial paper
Repurchase agreements

Deposits

As of June 30, 1997, the State and its discretely presented component units' bank balances of deposits are fully insured or collateralized with securities held by an agent of the State or its discretely presented component units in their respective names. In addition to these deposits, the State has approximately $593,000,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected from Oklahoma employers which are held by the U.S. Treasury.

Investments

The State's investments are categorized below per Governmental Accounting Standards Board Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, to give an indication of the level of custodial risk assumed at year end. Category 1 includes investments that are insured, registered, or are held by the State or its agent in the name of the State. Category 2 includes uninsured and unregistered investments, which are held by the counterparties' trust departments or agents in the name of the State. Category 3 includes uninsured and unregistered investments, held by counterparties, or their trust departments or agents, but not in the name of the State.

Investments at June 30, 1997, by investment type, are listed below (expressed in thousands).

~~Primary Government~~	Carrying Amount Risk Categories				Market
	1	2	3	Total	Value
U.S. Government Securities	$ 1,985,479	$ -	$ -	$ 1,985,479	$ 1,978,621
Repurchase Agreements	981,843	-	16,882	998,725	998,725
Short Term Securities	210,763	-	-	210,763	210,763
State Bond Issues	20,069	-	-	20,069	20,069
Debt Securities	1,303,666	-	-	1,303,666	1,303,666
Equity Securities	5,551,647	-	-	5,551,647	5,613,173
Investments Held Under Securities Loans for Non-Cash Collateral:					
U.S. Government Securities	384,266	-	269,129	653,395	658,547
Debt Securities	-	-	16,354	16,354	16,354
Equity Securities	-	-	166,290	166,290	166,290
	$ 10,437,733	$ -	$ 468,655	$ 10,906,388	$ 10,966,208
Investments Not Subject to Categorization:					
Guaranteed Investment Contracts				28,500	28,500
Real Estate				46,039	46,039
Mutual Funds				1,390,256	1,390,256
Money Market Mutual Funds				101,744	101,744
Short Term Investments				63,303	63,303
Investments Held Under Securities Loans for Cash Collateral:					
U.S. Government Securities				650,011	650,011
Debt Securities				46,141	46,141
Equity Securities				368,558	368,558
Short Term Investments				9,345	9,345
Securities Lending Collateral-Short Term Investment Pools				1,109,418	1,109,418
Less: Component Units' Investment in State Treasurer's Cash Management Program*				(187,417)	(187,417)
Total Investments				$ 14,532,286	$ 14,592,106

* Includes presentation and timing differences of $31,722 attributable to proprietary component units.

~~Component Units-Proprietary~~	Carrying Amount Risk Categories				Market
	1	2	3	Total	Value
U.S. Government Securities	$ 361,898	$ 184,274	$ 11,501	$ 557,673	$ 556,868
Repurchase Agreements	5,055	-	-	5,055	5,055
Short Term Securities	8,218	-	-	8,218	8,218
State Bond Issues	9,999	-	-	9,999	9,999
Debt Securities	192,682	-	3,214	195,896	195,904
Equity Securities	207,339	-	-	207,339	207,339
Investments Held Under Securities Loans for Non-Cash Collateral:					
U.S. Government Securities	948	-	740	1,688	1,688
	$ 786,139	$ 184,274	$ 15,455	$ 985,868	$ 985,071
Investments Not Subject to Categorization:					
Guaranteed Investment Contracts				210,209	210,209
Negotiable Certificates of Deposit				436	436
Real Estate				2,135	190
Mutual Funds				60,629	60,629
Money Market Mutual Funds				3,083	3,083
Other Pooled Funds				16,318	16,318
Investment in State Treasurer's Cash Management Program				15,174	15,174
Investments Held Under Securities Loans for Cash Collateral:					
U.S. Government Securities				233,588	233,588
Debt Securities				9,053	9,053
Equity Securities				726	726
Securities Lending Collateral-Short Term Investment Pools				247,988	247,988
Total Investments				$ 1,785,207	$ 1,782,465

~~Component Unit-Higher Education~~	Carrying Amount Risk Categories				Market
	1	2	3	Total	Value
U.S. Government Securities	$ 81,726	$ 9,988	$ -	$ 91,714	$ 91,432
State Bond Issues	5,700	-	-	5,700	5,700
	$ 87,426	$ 9,988	$ -	$ 97,414	$ 97,132
Investments Not Subject to Categorization:					
Real Estate				347	347
Mutual Funds				97,195	129,652
Money Market Mutual Funds				1,742	1,742
Other Pooled Funds				34,996	34,996
Investment in State Treasurer's Cash Management Program				140,521	140,521
Total Investments				$ 372,215	$ 404,390

The governmental component unit, Special Indemnity Fund, did not hold any investments at June 30, 1997.

The following table reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 1997 (expressed in thousands).

		Component Units	
	Primary Government	Proprietary	Higher Education
Investments per Combined Balance Sheet:			
Investments	$ 11,631,377	$ 1,564,242	$ 294,698
Securities Lending Investments	1,109,418	247,988	-
Total Investments	12,740,795	1,812,230	294,698
Non-negotiable CDs classified as investments	-	(27,109)	(65,626)
Pooled cash investments classified as cash equivalents	1,791,491	-	-
Short term investments classified as cash equivalents	-	86	2,622
Investment in State Treasurer Cash Management Program classified as cash equivalent	-	-	140,521
Total Investments	$ 14,532,286	$ 1,785,207	$ 372,215

Securities Lending Transactions – Primary Government

State statute authorizes the State Treasurer's Office to participate in securities lending transactions. The six Public Employees Retirement Systems (PERS) also participate in securities lending transactions as provided by their respective investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities which may be lent.

During the fiscal year ended June 30, 1997, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. However, in certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 1997, the carrying amount and market value of securities on loan was approximately $1,910,094,000 and $1,915,246,000, respectively. The underlying collateral for these securities had a market value of approximately $1,985,660,000. Collateral of securities and letters of credit represented approximately $876,242,000 of total collateral. Because these securities and letters of credit cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 1997, there was no credit risk exposure to borrowers. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans.

Securities Lending Transactions – Proprietary Component Units

The State Insurance Fund (SIF) and the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB) participate in securities lending transactions as provided by their respective investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities which may be lent.

During their respective fiscal year ends securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash and U.S. Government securities were provided as collateral for the securities lent. Collateral must be provided in the amount of 100% (OSEEGIB) or 102% (SIF) of the fair value of the securities loaned. At their respective year ends, the carrying amount and market value of securities on loan was approximately $245,055,000. The underlying collateral for these securities had a market value of approximately $249,720,000. Collateral of securities represented approximately $1,732,000 of total collateral. Because these securities cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At their respective fiscal year ends, there was no credit risk exposure to borrowers. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with the cash collateral.

Note 4. Accounts Receivable

Receivables as of June 30, 1997, including the applicable allowances for uncollectible accounts, are as follows (expressed in thousands).

					Component Units		
Receivables:	General	Capital Projects	Enterprise	Trust and Agency	Proprietary	Higher Education	Total
Accounts	$ 39,973	$ -	$ -	$ 2,787	$ 117,764	$ 134,577	$ 295,101
Interest	21,221	154	3,414	62,113	20,345	2,709	109,956
Contributions	-	-	-	29,223	-	-	29,223
Federal	271,392	452	-	213	1,008	1,415	274,480
Taxes	122,640	-	-	3,507	-	-	126,147
Lease Payments	40,940	-	-	-	39,689	-	80,629
Other	94	-	-	11,659	218	-	11,971
Notes and Loans	-	-	163,174	-	651,729	55,132	870,035
Gross Receivables	496,260	606	166,588	109,502	830,753	193,833	1,797,542
Less Uncollectibles:							
Accounts Receivable	16,498	-	-	-	14,323	39,274	70,095
Notes, Loans, and Other	-	-	-	268	2,663	12,620	15,551
Net Total Receivables	$ 479,762	$ 606	$ 166,588	$ 109,234	$ 813,767	$ 141,939	$ 1,711,896

Note 5. Interfund Accounts/Operating Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 1997, is shown below (expressed in thousands).

	Due From		Due To	
	Other Funds	Component Units	Other Funds	Component Units
Primary Government				
General Fund	$ 3	$ 43,526	$ 13,375	$ 9,434
Nonexpendable Trust:				
Department of Wildlife	46	-	-	-
Pension Trusts:				
Firefighters Pension and Retirement System	813	-	-	-
Oklahoma Law Enforcement Retirement System	1,207	-	-	-
Oklahoma Public Employees Retirement System	113	250	-	-
Uniform Retirement System for Justices and Judges	105	-	-	-
Oklahoma Police Pension and Retirement System	335	-	-	-
Teachers' Retirement System of Oklahoma	10,269	92	-	-
Wildlife Conservation Retirement Plan	27	-	-	-
Agency Funds:				
Assets Held for Beneficiaries	-	-	3	-
Other	459	429	-	14
Total Primary Government	$ 13,377	$ 44,297	$ 13,378	$ 9,448

	Due From			Due To		
	Primary Government	Other Funds	Other Component Units	Primary Government	Other Funds	Other Component Units
Component Units						
Governmental Fund:						
Special Indemnity Fund	$ 929	$ -	$ -	$ -	$ -	$ 63
Proprietary Funds:						
Oklahoma Industrial Finance Authority	-	-	-	-	-	17
State Insurance Fund	1,429	-	1,075	45	-	127
State & Education Emp. Group Insurance Board	14	-	-	28	-	9
Student Loan Authority	-	-	-	12	-	-
University Hospitals Authority	138	-	559	401	-	846
Medical Technology and Research Authority	2	-	168	11	-	34
Oklahoma Development Finance Authority	14	-	35	-	-	-
Oklahoma Housing Finance Agency	-	-	-	-	-	-
Oklahoma Turnpike Authority	-	-	-	43,085	-	48
Grand River Dam Authority	52	-	499	422	-	65
Oklahoma Municipal Power Authority	-	-	-	20	-	499
Higher Education Funds:						
Current, Unrestricted	5,869	55,778	4,597	272	34,715	3,229
Current, Restricted	-	4,369	-	-	23,090	-
Loan	-	3,122	-	-	1	-
Endowment	-	1,440	-	-	17,981	-
Plant	-	455	-	-	2,309	-
Agency	-	11,948	-	-	176	-
Total Component Units	$ 8,447	$ 77,112	$ 6,933	$ 44,296	$ 78,272	$ 4,937

The amount of total interfund receivables of $150,166,000 does not agree with total interfund payables of $150,331,000 at June 30, 1997. This is due to timing differences between agencies with differing fiscal year ends.

B. Operating Transfers

A summary of interfund operating transfers for the fiscal year ended June 30, 1997, follows (expressed in thousands).

	Operating Transfers			
Primary Government	In	From Component Units	Out	To Component Units
General Fund	$ 7,999	$ 60,872	$ -	$ 740,829
Capital Projects	-	3,665	-	70,497
Proprietary Funds:				
Oklahoma Water Resources Board	-	-	978	-
Nonexpendable Trust:				
Commissioners of the Land Office	-	-	3,952	12,952
Department of Wildlife	-	-	3,069	-
Total Primary Government	$ 7,999	$ 64,537	$ 7,999	$ 824,278

	Operating Transfers			
Component Units	In	From Primary Government	Out	To Primary Government
Governmental Fund:				
Special Indeminty Fund	$ -	$ 19,807	$ -	$ -
Proprietary Funds:				
State & Education Emp. Group Insurance Board	-	-	-	31,500
Oklahoma Turnpike Authority	-	28,803	-	28,803
University Hospitals Authority	-	29,360	-	-
Higher Education Funds:				
Current, Unrestricted	-	617,179	-	-
Current, Restricted	-	29,059	-	-
Loan	-	38	-	-
Endowment	-	7,200	-	-
Plant	-	55,807	-	-
Total Component Units	$ -	$ 787,253	$ -	$ 60,303

The amount of total Operating Transfers In of $859,789,000 does not agree with total Operating Transfers Out of $892,580,000 for the fiscal year ended June 30, 1997. The following presents a reconciliation of operating transfers reported in the financial statements (expressed in thousands).

Operating Transfers In	$ 7,999
Operating Transfers In - From Component Units	64,537
Operating Transfers In - From Primary Government	787,253
Total Operating Transfers In Per Financial Statements	859,789
Financial Statement Account Presentation Differences:	
Higher Education Component Units	35,805
Proprietary Component Units	26
Timing Differences, Fiscal Year Ending December 31, 1996:	
Governmental Component Unit	511
Proprietary Component Units	684
Total Operating Transfers In	$ 896,815
Operating Transfers Out	$ 7,999
Operating Transfers Out - To Component Units	824,278
Operating Transfers Out - To Primary Government	60,303
Total Operating Transfers Out Per Financial Statements	892,580
Financial Statement Account Presentation Differences:	
Higher Education Component Units	3,704
Proprietary Component Units	22
Timing Differences, Fiscal Year Ending December 31, 1996:	
Proprietary Component Units	509
Total Operating Transfers Out	$ 896,815

Note 6. Fixed Assets

Fixed Assets by category, as of June 30, 1997 (December 31, 1996, or September 30, 1996, for those entities/funds identified in Item B of Note 1) are summarized as follows (expressed in thousands).

	Primary Government		Component Units		
	Pension Trusts	General Fixed Assets	Proprietary	Higher Education	Total
Land	$ 188	$ 52,953	$ 1,010,385	$ 130,244	$ 1,193,770
Buildings and Other Improvements	-	589,850	1,296,304	1,185,859	3,072,013
Machinery and Equipment	2,246	222,239	154,857	668,533	1,047,875
Construction in Progress	-	49,791	12,397	235,725	297,913
Total	2,434	914,833	2,473,943	2,220,361	5,611,571
Less: Accumulated Depreciation	792	-	1,099,766	349,369	1,449,927
Total	$ 1,642	$ 914,833	$ 1,374,177	$ 1,870,992	$ 4,161,644

Changes in general fixed assets for the year ended June 30, 1997, were as follows (expressed in thousands).

	Balance July 1, 1996	Additions	Deletions/ Net Transfers	Balance June 30, 1997
Land	$ 51,641	$ 1,312	$ 0	$ 52,953
Buildings and Other Improvements	557,657	32,287	94	589,850
Machinery and Equipment	211,263	22,124	11,148	222,239
Construction in Progress	47,328	17,560	15,097	49,791
Total	$ 867,889	$ 73,283	$ 26,339	$ 914,833

Schedule of General Fixed Assets by Function for fiscal year ended June 30, 1997 (expressed in thousands).

	Land	Buildings and Other Improvements	Machinery and Equipment	Construction in Progress	Total
Function					
Education	$ 148	$ 5,445	$ 26,225	$ 4,394	$ 36,212
General Government	1,819	100,273	52,440	2,293	156,825
Health Services	592	69,826	11,782	2,186	84,386
Legal and Judiciary	-	-	2,981	-	2,981
Museums	1,460	5,792	310	464	8,026
Natural Resources	39,131	30,581	18,407	2,820	90,939
Public Safety and Defense	7,527	260,683	27,466	10,050	305,726
Regulatory Services	-	41	2,834	-	2,875
Social Services	745	101,113	13,901	27,561	143,320
Transportation	1,531	16,096	65,893	23	83,543
Total	$ 52,953	$ 589,850	$ 222,239	$ 49,791	$ 914,833

Schedule of changes in General Fixed Assets by Function for fiscal year ended June 30, 1997 (expressed in thousands).

	Balance July 1, 1996	Additions	Deletions/ Net Transfers	Balance June 30, 1997
Function				
Education	$ 33,334	$ 5,310	$ 2,432	$ 36,212
General Government	151,245	7,889	2,309	156,825
Health Services	81,748	3,314	676	84,386
Legal and Judiciary	2,862	119	-	2,981
Museums	7,665	361	-	8,026
Natural Resources	83,998	13,565	6,624	90,939
Public Safety and Defense	288,440	26,259	8,973	305,726
Regulatory Services	2,082	794	1	2,875
Social Services	137,809	7,234	1,723	143,320
Transportation	78,706	8,438	3,601	83,543
Total	$ 867,889	$ 73,283	$ 26,339	$ 914,833

Note 7. Risk Management and Insurance

It is the policy of the State to cover the risk of losses to which it may be exposed through risk management activities. In general, the State is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, second injury workers' compensation, tort liability (except for excess coverage for certain losses in excess of $1,000,000), vehicle liability, and property losses (except for excess coverage for certain losses in excess of $250,000, or $750,000 for certain agencies). The property loss excess coverage is limited to a maximum loss of $1,000,000,000.

Coverage for health care claims and workers' compensation is provided by two separate proprietary component units. The State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund (SIF) provides workers' compensation coverage for the State's employees (and private and local government employees).

The SIF administers claim payments and provides excess-of-loss reinsurance to certain governmental entities that are self-insured. The premiums and fees received in connection with these transactions are included in sales revenue and were approximately $4,978,000 in 1996. The incurred claims in excess of the self-insured entities' respective retention limits were approximately $3,893,000 in 1996. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses was approximately $32,680,000 at December 31, 1996.

The SIF limits the maximum net loss that can arise from risks by entering into reinsurance agreements to assign risk to other insurers on a catastrophe basis. Premiums paid for this reinsurance were approximately $126,000 in 1996. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of $1,097,000 at December 31, 1996, have been recorded in anticipation of estimated amounts to be recovered from reinsurers in future years for losses ceded pursuant to certain prior year reinsurance agreements. These agreements do not relieve SIF from its obligation to policyholders. Failure of reinsurers to honor their obligations could result in losses to SIF. Management believes that all reinsurers presently used are financially sound and will be able to meet their contractual obligations.

Coverage for second injury workers' compensation is provided by a discretely presented governmental component unit. The Special Indemnity Fund (SPIF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. SPIF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court for both permanent partial and permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Court determination. Claims and Judgments which were due and owing at December 31, 1996, have been charged to operations for the year ended December 31, 1996. At year end, the SPIF loss liability exceeded expendable available financial resources; however, because these are adjudicated claims, the full amount of adjudicated claims is presented as a current liability in the component unit column. In addition to awards currently due and owing, SPIF has a noncurrent liability for court awarded future payments payable after December 31, in the amount of $143,357,000 as reported in the General Long-Term Debt Account Group of the discretely presented component unit's separately issued financial statements.

The remaining risk management activities of the State are included in the State's General Fund. The Risk Management Division of the Department of Central Services is responsible for administering the State's tort liability, vehicle liability, property loss, and other types of risk coverage. Also, the Division is responsible for the acquisition and administration of all insurance policies purchased by the State and administration of any self-insurance plans and programs adopted for use by the State (and for certain organizations and bodies outside of state government).

Except for SPIF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses have been included in accrued liabilities for each fund. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The General Fund self-insurance loss liability for the Risk Management Division of the Department of Central Services represents an estimate of amounts to be paid from currently expendable available financial resources. The remaining $1,309,000 of the liability is reported in the General Long-Term Debt Account Group.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 1997 (December 31, 1996, for Special Indemnity Fund and State Insurance Fund) and the prior fiscal year, (expressed in thousands).

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund *- Risk Management Division	$ 7,575	$ 3,008	$ (3,616)	$ 6,967	$ 1,309	$ 5,658
Governmental Component Unit: Special Indemnity Fund	$ 146,091	$ 36,559	$ (19,672)	$ 162,978	$ 143,357	$ 19,621
Proprietary Component Units: State Insurance Fund	$ 653,739	$ 154,915	$ (216,670)	$ 591,984	$ -	$ 591,984
State and Education Employees Group Insurance Board	61,605	297,500	(263,500)	95,605	-	95,605
Total Proprietary Component Units	$ 715,344	$ 452,415	$ (480,170)	$ 687,589	$ -	$ 687,589

* As discussed in Note 23. Litigation and Contingencies, general fund claims and judgments includes $8,400,000 accrued for the payment of litigation losses.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Prior Fiscal Year						
General Fund - Risk Management Division	$ 6,864	$ 4,003	$ (3,292)	$ 7,575	$ 2,897	$ 4,678
Governmental Component Unit: Special Indemnity Fund	$ 116,283	$ 52,369	$ (22,561)	$ 146,091	$ 127,576	$ 18,515
Proprietary Component Units: State Insurance Fund	$ 633,350	$ 264,325	$ (243,936)	$ 653,739	$ -	$ 653,739
State and Education Employees Group Insurance Board	52,019	247,353	(237,767)	61,605	-	61,605
Total Proprietary Component Units	$ 685,369	$ 511,678	$ (481,703)	$ 715,344	$ -	$ 715,344

Public Entity Risk Pool - State and Education Employees' Group Insurance Board

The State operates the Oklahoma State and Education Employees' Group Insurance Board (Plan), a Public Entity Risk Pool.

A. Description of Plan

The Plan provides group health, dental, life, and disability benefits to active State employees and local government employees, as well as varying coverages for active education employees and certain participants of the State's retirement systems, survivors, and persons covered by COBRA. Disability coverage is available only to active State employees and local government employees. The Plan is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations (HMOs). Premium rates for the various groups are separately established.

The coverages are funded by monthly premiums paid by individuals, the State, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on

the coverage requested. Of the 146,000 primary participants and dependents, approximately 18,000 primary participants and 15,000 dependents were covered by HMOs. These counts relate to health coverage only.

All state agencies are required to participate in the Plan. Eligible local governments may elect to participate in the Plan (246 local governments actually participate). Education entities may participate if a minimum of 50% of their eligible employees elect to join the Plan. Any education entity or local government which elects to withdraw from the Plan may do so with 30 days written notice.

A summary of available coverages and eligible groups, along with the number of health care participants follows.

	State Employee	Local Government Employee	Education Employee	Teachers' Retirement System	Other Retirement Systems	Survivors	COBRA
Health	X	X	X	X	X	X	X
Dental	X	X	X	X	X	X	X
Life	X	X	X		X		
Disability	X	X					
Medicare Supplement				X	X	X	
Health Care Participants:							
Primary	21,000	6,000	29,000	---------- 35,000 ----------			
Dependents	---------- 55,000 ----------						

B. Unpaid Claims Liabilities

The Plan establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan.

The reserves are determined using the Plan's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made.

Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The following schedule presents the changes in policy and contract claim reserves and disability reserves for the past two years for the three types of coverages: health and dental, life, and disability (expressed in thousands).

	Health and Dental		Life		Disability	
	1997	1996	1997	1996	1997	1996
Reserves at beginning of year	$ 32,594	$ 29,560	$ 1,335	$ 907	$ 14,031	$ 19,516
Incurred claims:						
Provision for insured events of current year	265,664	234,044	8,794	9,441	3,750	6,415
Changes in provisions for insured events of prior years	(2,573)	(5,453)	(236)	(223)	(3,084)	(8,480)
	263,091	228,591	8,558	9,218	666	(2,065)
Payments:						
Claims attributable to insured events of current year	222,344	201,715	7,525	8,106	574	652
Claims attributable to insured events of prior years	29,445	23,842	1,099	684	2,513	2,768
	251,789	225,557	8,624	8,790	3,087	3,420
Reserves at end of year	$ 43,896	$ 32,594	$ 1,269	$ 1,335	$ 11,610	$ 14,031

D. Revenue and Claims Development Information

The separately issued audited financial statements for the Plan include Required Supplementary Information regarding revenue and claims development.

Note 8. Operating Lease Commitments

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 1997, follows (expressed in thousands).

		Component Units	
	Primary Government	Proprietary	Higher Education
1998	$ 743	$ 486	$ 384
1999	321	399	79
2000	182	311	79
2001	111	295	79
2002	27	254	51
Later Years	-	254	-
Total Future Minimum Lease Payments	$ 1,384	$ 1,999	$ 672
Operating lease commitments for building rental for year ended June 30, 1998	$ 13,602	$ 3,947	$ 929
Rent expenditures/expenses for operating leases for year ended June 30, 1997	$ 16,116	$ 4,937	$ 5,032

Note 9. Lessor Agreements

Direct Financing Leases

The **Department of Transportation** (Primary Government) maintains leases classified as direct financing leases. The State leases heavy equipment and machinery to counties within the State. No interest or executory costs are charged, and lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the State to the AT&L Railroad Company and the Oklahoma, Kansas, and Texas Railroad Company with lease terms ending in 2014 and 2011, respectively. No interest or executory costs are

charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery and equipment, and railroad lines are not estimated by the State. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received in future years is approximately $40,700,000, which is also the net investment in direct financing leases at June 30, 1997.

The **Oklahoma Environmental Finance Authority** leases facilities necessary for the abatement, control and reduction of pollution to industrial and commercial entities and the **Oklahoma Municipal Power Authority** leases an electrical substation to one of its member municipalities. These leases are accounted for as direct financing leases. The following schedule lists the net investment in direct financing leases as of June 30, 1997 (expressed in thousands).

Total minimum lease payments to be received - Gross investment in financing leases	$ 61,661
Less: Cost of investments and unearned income	21,972
Net investment in direct financing leases	$ 39,689

At June 30, 1997, minimum lease payments receivable for the State as a whole for each of the five succeeding fiscal years follows (expressed in thousands).

	1998	1999	2000	2001	2002
Primary Government	$ 5,477	$ 4,900	$ 4,187	$ 3,643	$ 2,903
Proprietary Component Units:					
Municipal Power Authority	$ 112	$ 112	$ 112	$ 112	$ 112
Environmental Finance Authority	3,613	5,733	2,672	2,673	2,672
Total	$ 3,725	$ 5,845	$ 2,784	$ 2,785	$ 2,784

Operating Leases

Operating leases maintained by state agencies consist primarily of state owned building space leased to non-state entities. The following schedule presents minimum future rentals receivable from these operating leases (expressed in thousands).

1998	1999	2000	2001	2002	Total
$ 304	$ 92	$ 41	$ 17	$ 17	$ 471

In addition, the leasing operations of the **Commissioners of the Land Office** consist of leasing approximately 800,000 acres of land principally for agricultural purposes. The lease terms are principally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the leasing of these lands (expressed in thousands).

1998	1999	2000	2001	2002	Total
$ 4,103	$ 7,369	$ 5,702	$ 4,092	$ 2,534	$ 23,800

Note 10. Long-Term Obligations - Primary Government, Governmental Funds

Long-term obligations at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance
General Long-Term Debt Account Group							
General Obligation Bonds Payable from Tax Revenue:							
Institutional Bldg 1992A	1993	4.25-5.20%	2018	$ 241,450	$ -	$ 4,500	$ 236,950
Institutional Bldg 1992B	1993	4.15-6.60%	2013	93,205	-	3,615	89,590
Total				334,655	-	8,115	326,540
Revenue Bonds Payable from Lease Rentals:							
OCIA Series A of 1986	1986	6.50%	2007	3,660	-	246	3,414
OCIA Series A of 1988	1988	7.00%	1998	850	-	322	528
OCIA Series A of 1994	1994	3.00-4.65%	2003	6,595	-	835	5,760
OCIA Series B of 1994	1994	4.85-7.15%	2010	16,750	-	790	15,960
OCIA Series B of 1995	1995	3.60-5.30%	2016	33,560	-	1,540	32,020
OCIA Series B of 1996	1996	3.75-5.50%	2021	-	3,335	-	3,335
Tourism 1990	1990	5.95%	2000	2,760	-	515	2,245
Tourism 1994	1994	5.30-7.20%	2012	5,250	-	-	5,250
DHS-Tulsa Co. 1990 (ODFA)	1990	6.15-7.00%	2000	1,105	-	195	910
Total				70,530	3,335	4,443	69,422
Note Payable				37,160	-	240	36,920
Certificates of Participation				14,837	-	3,371	11,466
Capital Leases*				5,091	3,672	1,954	6,809
Compensated Absences				94,378	5,272	-	99,650
Pension Obligation				2,232	153	-	2,385
Other Claims and Judgments				2,897	-	1,588	1,309
Total General Long-Term Debt Account Group				$ 561,780	$ 12,432	$ 19,711	$ 554,501

* $127 of the reductions represents deletions of capital leases rather than capital lease payments

A. General Obligation Bonds

General obligation bonds, administered by the State Treasurer, are authorized and issued primarily to provide resources for State-owned capital improvements, including office buildings for state agencies. The State has pledged 100% of cigarette taxes collected under these bond issues. General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the bonds.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The State's cumulative arbitrage rebate liability on general obligation bonds for the year ended June 30, 1997, is approximately $146,000.

B. Revenue Bonds

The **Oklahoma Capitol Improvement Authority** (OCIA) has six outstanding series of building bonds to construct and equip state office buildings. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that use the office buildings constructed with the bond proceeds.

The following table presents annual debt service requirements for those long-term debts outstanding at June 30, 1997 that have scheduled debt service amounts (expressed in thousands).

General Long-Term Debt Account Group	1998	1999	2000	2001	2002	Maturity	Total
General Obligation Bonds:							
Institutional Bldg 1992A	$ 16,335	$ 16,341	$ 16,358	$ 16,385	$ 16,420	$ 329,862	$ 411,701
Institutional Bldg 1992B	8,092	7,993	7,937	7,922	7,895	91,747	131,586
	24,427	24,334	24,295	24,307	24,315	421,609	543,287
Interest	15,982	15,529	15,105	14,707	14,285	141,139	216,747
Total	8,445	8,805	9,190	9,600	10,030	280,470	326,540
Revenue Bonds:							
OCIA Series A of 1986	477	477	477	477	476	2,224	4,608
OCIA Series A of 1988	384	193	-	-	-	-	577
OCIA Series A of 1994	1,116	1,117	1,115	1,114	1,116	1,115	6,693
OCIA Series B of 1994	1,862	1,857	1,858	1,854	1,850	14,705	23,986
OCIA Series B of 1995	3,124	3,120	3,121	3,122	2,712	32,019	47,218
OCIA Series B of 1996	231	244	245	242	244	4,832	6,038
Tourism 1990	692	692	1,194	-	-	-	2,578
Tourism 1994	433	579	574	573	573	5,697	8,429
DHS-Tulsa Co. 1990 (ODFA)	261	261	261	259	-	-	1,042
	8,580	8,540	8,845	7,641	6,971	60,592	101,169
Interest	3,770	3,518	3,256	2,953	2,726	15,524	31,747
Total	4,810	5,022	5,589	4,688	4,245	45,068	69,422
Note Payable	923	923	923	923	923	47,419	52,034
Interest	690	681	671	661	651	11,760	15,114
Total	233	242	252	262	272	35,659	36,920
Certificates of Participation	3,149	3,175	1,383	723	774	2,262	11,466
Capital Leases	1,400	1,233	1,138	831	678	1,529	6,809
Total Debt Service	$ 17,804	$ 18,235	$ 17,300	$ 15,842	$ 15,727	$ 329,329	$ 451,157
Long-Term Debt without scheduled debt service:							
Compensated Absences							99,650
Pension Obligation							2,385
Other Claims and Judgments							1,309
Total General Long-Term Debt Account Group							$ 554,501

The **Oklahoma Tourism and Recreation Department** has two revenue bond issues for the financing of capital projects of the Parks Division. The revenue generated by fees from the Parks Division is used to meet the bond obligations. Additional security is provided by a special "Bond Reserve Fund", which is maintained in the amount of $500,000 and $525,000 for the 1990 Series and 1994 Series, respectively.

The **Oklahoma Development Finance Authority** issued lease revenue bonds to provide lease financing for the Department of Human Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

C. Note Payable

The **Oklahoma Water Resources Board** has a contractual agreement to repay the United States, through the Army Corps of Engineers, for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments over a period of 50 years are to be made for the reservoir construction, operation and maintenance allocated to the present use water supply storage. The water storage facility was completed in 1982 and

annual payments began in 1983. For further discussion of this note payable, refer to Note 23. Litigation and Contingencies.

D. Certificates of Participation

The State has lease purchase agreements funded through certificates of participation. These leases are for the purchase of equipment and facilities. Third-party leasing companies assigned their interest in the lease to underwriters which issued certificates for the funding of these obligations. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents, by fiscal year, future minimum lease payments in the General Long Term Debt Account Group, as of June 30, 1997 (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
	$ 3,796	$ 3,663	$ 1,689	$ 964	$ 964	$ 2,483	$ 13,559
Less: Interest							2,093
Present Value of Minimum Lease Payments							$ 11,466

Leased buildings and equipment financed by certificates of participation in the general fixed asset account group at June 30, 1997, include the following (expressed in thousands).

Equipment	$ 21,634
Buildings	16,870
Total	$ 38,504

E. Capital Leases

The State has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases with annual payments equal to $10,000 or more.

The following schedule presents, by fiscal year, future minimum lease payments in the General Long-Term Debt Account Group, as of June 30, 1997 (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
	$ 2,053	$ 1,752	$ 1,526	$ 1,030	$ 814	$ 1,760	$ 8,935
Less: Executory costs included in minimum lease payments							661
Net Minimum Lease Payments							8,274
Less: Interest							1,465
Present Value of Minimum Lease Payments							$ 6,809

Leased buildings and equipment under capital leases in the general fixed asset account group at June 30, 1997, include the following (expressed in thousands).

Equipment	$ 7,218
Buildings	6,491
Total	$ 13,709

F. Other Claims and Judgments

Included in other claims and judgments are Risk Management liabilities that will not be paid with currently expendable available financial resources.

G. Authorized Unissued Bonds

The State has authorized the Department of Corrections to issue bonds in the amount of $1,500,000. Oklahoma Capitol Improvement Authority has been authorized to issue bonds for the benefit of the Department of Corrections in the amount of $16,500,000 and the Department of Transportation in the amount of $300,000,000.

Note 11. Long-Term Obligations - Primary Government, Proprietary Fund

The **Oklahoma Water Resources Board** (the Board) has issued five series of revenue bonds. These bonds provide resources to implement its statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Bonds payable at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance
Revenue Bonds Payable from User Fees:								
1989-1995 Issues	1989-1995	3.00-6.70%	2017-2023	$ -	$ 188,015	$ -	$ 11,560	$ 176,455
Less: Bond Discounts				-	724	-	28	696
Total Bonds Payable Net of Discounts				$ -	$ 187,291	$ -	$ 11,532	$ 175,759

The following table presents estimated annual debt service requirements for bonds payable outstanding at June 30, 1997, (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
Revenue Bonds Payable:							
1989-1995 Issues Principal and Interest	$ 12,150	$ 14,791	$ 13,128	$ 13,074	$ 13,125	$ 243,929	$ 310,197
Less: Interest	7,070	6,871	6,568	6,309	6,065	100,859	133,742
Total Principal	$ 5,080	$ 7,920	$ 6,560	$ 6,765	$ 7,060	$ 143,070	$ 176,455

Note 12. Long-Term Obligations – Component Unit, Governmental Fund

The **Special Indemnity Fund** (SPIF) is indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. Included in Long-Term Obligations are permanent total and permanent partial awards payable after December 31, 1996.

Awards payable at December 31, 1996, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance
Claims and Judgments	$ 127,576	$ 15,781	$ -	$ 143,357

The principal allocated by year cannot be determined as amounts paid are contingent on amounts collected from funding sources.

Note 13. Long-Term Obligations - Component Units, Proprietary Funds

Bonds payable at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	1961-1997	3.75-10.00%	2022	$ 28,503	$ 53,040	$ 12,048	$ 3,015	$ 62,073
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1992-1995	3.70-6.70%	2025	-	75,850	77,785	6,230	147,405
Development Finance Auth.	1996	5.93-6.16%	2006	-	-	9,999	-	9,999
Environmental Finance Auth.	1973-1977	5.60-7.30%	2008	-	44,355	-	1,010	43,345
Housing Finance Agency	1980-1995	4.10-10.43%	2027	-	550,518	87,900	124,639	513,779
Turnpike Authority	1989-1992	3.15-7.88%	2022	-	676,542	-	11,184	665,358
Grand River Dam Authority	1987-1995	4.00-6.30%	2013	-	1,071,165	-	34,790	1,036,375
Municipal Power Authority	1985-1994	2.75-7.50%	2028	-	394,675	-	4,245	390,430
Total Before Discounts/Deferrals				28,503	2,866,145	187,732	185,113	2,868,764
Less: Bond Discounts				-	55,701	375	3,669	52,407
Net Deferred Debits on Refundings				-	132,620	-	13,498	119,122
Total Bonds Payable Net of Discounts/Deferrals				$ 28,503	$ 2,677,824	$ 187,357	$ 167,946	$ 2,697,235

The following table presents annual principal and interest payments (principal payments only for the revenue bonds of Oklahoma Housing Finance Agency) for bonds payable outstanding at June 30, 1997, (September 30, 1996, for Oklahoma Housing Finance Agency and December 31, 1996, for Oklahoma Turnpike Authority, and Grand River Dam Authority) (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
General Obligation Bonds:							
Industrial Finance Authority	$ 4,013	$ 4,080	$ 4,100	$ 4,095	$ 4,089	$ 110,820	$ 131,197
Revenue Bonds:							
Student Loan Authority	12,320	11,175	10,210	9,485	8,945	221,165	273,300
Development Finance Auth.	616	616	616	616	616	12,466	15,546
Environmental Finance Auth.	3,645	5,827	2,684	2,686	2,686	47,397	64,925
Turnpike Authority	51,652	51,648	51,649	51,653	51,654	1,076,944	1,335,200
Grand River Dam Authority	95,744	95,621	95,610	95,552	95,739	1,091,298	1,569,564
Municipal Power Authority	25,698	28,313	28,284	28,269	28,249	614,166	752,979
Total Principal and Interest	193,688	197,280	193,153	192,356	191,978	3,174,256	4,142,711
Less: Interest	131,138	127,669	124,182	120,583	117,052	1,167,102	1,787,726
Subtotal: Principal	62,550	69,611	68,971	71,773	74,926	2,007,154	2,354,985
Housing Finance Agency	5,630	7,666	6,398	7,613	5,724	480,748	513,779
Total Principal	$ 68,180	$ 77,277	$ 75,369	$ 79,386	$ 80,650	$ 2,487,902	$ 2,868,764

A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has issued eight series of general obligation bonds. These bonds are issued for the funding of industrial finance loans to encourage business development within the State. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the State.

B. Revenue Bonds

The **Oklahoma Student Loan Authority** (SLA) has issued six series of revenue bonds. The bonds are issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution.

The **Oklahoma Development Finance Authority** (ODFA) has issued a revenue bond to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bond is payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy.

The **Oklahoma Housing Finance Agency** (OHFA) has issued 36 series of revenue bonds with an original issue amount of $902,879,000. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt-service reserves as required by the various trust indentures.

The **Oklahoma Turnpike Authority** (OTA) has issued five series of revenue bonds with an original issue amount of $1,217,524,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the State's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. OTA's cumulative arbitrage rebate liability for the year ended December 31, 1996, is approximately $1,656,000.

The **Grand River Dam Authority** (GRDA) has issued three series of revenue bonds with an original issue amount of $2,091,030,000. The bonds were issued to advance refund all of GRDA's previously issued acquisition and construction indebtedness.

The **Oklahoma Municipal Power Authority** (OMPA) has issued eight series of revenue bonds. The bonds are issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority.

C. Defeased Bonds

In prior years, proprietary component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. The following defeased bonds were outstanding at June 30, 1997 (December 31, 1996 for OTA, GRDA, and OMPA) (expressed in thousands).

General Obligation Bonds	Revenue Bonds		
OIFA	OTA	GRDA	OMPA
$ 13,625	$ 610,250	$ 998,777	$ 50,458

D. Notes Payable

Notes payable at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance
Student Loan Authority	1993, 1995	4.00-6.44%	2025	$ 78,600	$ 58,875	$ -	$ 17,975	$ 40,900
Medical Technology and Research Authority	1995-1996	6.25-8.25%	2015	3,573	2,851	665	118	3,398
Total					$ 61,726	$ 665	$ 18,093	44,298
Less: Current Portion								153
Total Noncurrent Notes Payable								$ 44,145

The following table presents annual debt service requirements for notes payable outstanding at June 30, 1997 (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
Student Loan Authority	$ 1,935	$ 14,100	$ 1,150	$ 1,150	$ 1,150	$ 62,170	$ 81,655
Medical Technology and Research Auth.	486	486	486	486	486	3,418	5,848
Total Principal and Interest	2,421	14,586	1,636	1,636	1,636	65,588	87,503
Less: Interest	2,213	2,063	1,397	1,380	1,361	34,791	43,205
Total Principal	$ 208	$ 12,523	$ 239	$ 256	$ 275	$ 30,797	$ 44,298

Notes of the **Oklahoma Student Loan Authority** are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Notes of the **Medical Technology and Research Authority** are issued for the purpose of financing the construction of facilities and equipment and are secured by a mortgage, security interest in properties, and revenues.

E. Capital Leases

The State's proprietary component units have entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The following schedule presents, by fiscal year, future minimum lease payments in the proprietary component units as of their respective fiscal year ends (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
	$ 1,554	$ 1,554	$ 1,031	$ 770	$ 770	$ 1,186	$ 6,865
Less: Interest							1,108
Present Value of Minimum Lease Payments							$ 5,757

Capital lease obligations at the component units' respective year ends, and changes for the fiscal years then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Lease Obligations	$ 7,134	$ -	$ 1,377	$ 5,757

The following is property under capital leases at the component units' respective fiscal year ends (expressed in thousands).

Facilities and Equipment	$ 17,293
Less: Accumulated Depreciation	12,865
Net	$ 4,428

Note 14. Long-Term Obligations - Component Unit, Higher Education Funds

Long-term obligations at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bonds	1971-1996	0.05-10.00%	2006	-	$ 7,700	$ -	$ 1,275	$ 6,425
Revenue Bonds	1963-1997	3.00-12.00%	2023	-	160,071	15,600	10,604	165,067
Notes Payable					1,540	10,000	629	10,911

The following table presents annual principal and interest payments applicable to long-term debt outstanding at June 30, 1997 (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
General Obligation Bonds	$ 1,927	$ 1,887	$ 564	$ 545	$ 526	$ 1,913	$ 7,362
Less: Interest	242	157	134	115	96	193	937
Total Principal	$ 1,685	$ 1,730	$ 430	$ 430	$ 430	$ 1,720	$ 6,425
Revenue Bonds	$ 16,086	$ 16,346	$ 16,370	$ 16,141	$ 16,943	$ 182,837	$ 264,723
Less: Interest	8,797	8,277	7,780	7,305	7,595	59,902	99,656
Total Principal	$ 7,289	$ 8,069	$ 8,590	$ 8,836	$ 9,348	$ 122,935	$ 165,067
Notes Payable	$ 1,328	$ 1,320	$ 1,193	$ 837	$ 840	$ 11,746	$ 17,264
Less: Interest	626	564	516	472	455	3,720	6,353
Total Principal	$ 702	$ 756	$ 677	$ 365	$ 385	$ 8,026	$ 10,911

A. General Obligation Bonds

Rose State College Technical Area Education District and Tulsa Community College Area School District #18 have authorized and issued four series of general obligation bonds with an original issue amount of $16,925,000. These bonds were issued for the financing of buildings, equipment, and related capital improvements. Ad valorem taxes levied upon taxable property within their respective specific areas have been pledged to retire these general obligation bonds.

B. Revenue Bonds

Sixteen of the State's colleges and universities have authorized and issued 41 series of revenue bonds with an original issue amount of $201,227,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the facilities constructed, and other revenues collateralize the revenue bonds.

In August 1996, Eastern Oklahoma State College defeased all outstanding Series 1959 and 1966 revenue bonds by placing funds available from reserve and sinking fund accounts in an irrevocable trust to provide for all future debt service payments of the the bonds. The trust account and the defeased bonds are not included in the accompanying financial statements. As of June 30, 1997, $97,000 and $359,000 of the Series 1959 and 1966 bonds, respectively, was outstanding. This defeasance reduced the total debt service payments over the next eight years by approximately $128,000.

In March 1997, the University of Oklahoma legally defeased the 1964 and 1966 University of Oklahoma Housing System Revenue Bonds. The defeasance was accomplished using funds previously on deposit with the trustee bank for the 1964 and 1966 Housing Bonds. Defeased bonds outstanding at June 30, 1997 were $3,865,000.

Other colleges and universities have defeased revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. At June 30, 1997, $22,185,000 of bonds defeased in prior years were outstanding.

C. Notes Payable

Oklahoma State University and Carl Albert State College each entered into a note payable to fund the construction of facilities. Lease payments, a pledge of “Section Thirteen Fund State Educational Institutions” monies, and the facilities constructed secure the notes. The University of Oklahoma Health Sciences Center has also entered into a note payable to provide start up costs for the Sooner Care HMO which is operated by the Center. The revenues produced by Sooner Care HMO will be used to retire the note.

D. Capital Leases

The Higher Education Component Unit has entered into agreements to lease various facilities and equipment. Such agreements are reported as capital lease obligations.

The following presents, by fiscal year, future minimum lease payments in the Higher Education Component Unit as of June 30, 1997 (expressed in thousands).

	1998	1999	2000	2001	2002	Maturity	Total
	$ 3,809	$ 3,258	$ 2,191	$ 2,130	$ 1,808	$ 12,485	$ 25,681
Less: Interest							7,226
Present Value of Minimum Lease Payments							$ 18,455

Capital lease obligations at June 30, 1997, and changes for the fiscal year then ended are as follows (expressed in thousands).

Beginning Balance	Additions	Reductions	Ending Balance
$ 9,873	$ 11,231	$ 2,649	$ 18,455

Leased equipment under capital leases in investment in fixed assets at June 30, 1997, included the following (expressed in thousands).

Facilities and Equipment	$ 29,041
Less: Accumulated Depreciation	8,475
Net	$ 20,566

Note 15. Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan (Plan) as authorized by Section 457 of the Internal Revenue Code of 1954, and as amended by the Tax Reform Act of 1986. The Plan is available to all full-time State employees, as well as any elected officials receiving a salary from the State. Participants may defer until future years up to the lesser of 25% of their gross taxable income as defined by Plan documents or $7,500 per year, with a minimum contribution of $25 per month. The participants may direct investment of such funds in available investment options offered by the Plan. All interest, dividends and administrative fees are allocated to participants' accounts.

The Plan offers a catch-up program to participants, which allows them to defer up to $15,000 annually for the three years prior to their year of retirement. The additional contribution, in excess of the normal maximum to the Plan, is accounted for as catch-up contributions for the years in which the participant was eligible, but did not participate in the Plan or was not contributing at the maximum allowable level. To be eligible for the catch-up program, the participant must be within three years of retirement with no reduced benefits.

Deferred compensation benefits are paid out to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments, at the option of the participant or beneficiaries in accordance with Plan provisions.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the State (without being restricted to the provisions of benefits under the Plan), and are subject to the claims of the State's general creditors. Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. During the year, some Plan assets were used to pay participant deferred compensation benefits and certain administrative fees charged by the investment carriers. Such administrative fees are charged to individual participant balances.

It is the opinion of Plan management that the State has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. Plan management believes that it is unlikely that the State will use the assets of the Plan to satisfy the claims of the State's general creditors in the future.

Note 16. Beginning Fund Equity Adjustments and Other Changes

Beginning Fund Equity Adjustments

During fiscal 1997, the State implemented Governmental Accounting Standards Board Statement 30 (GASB 30), *Risk Financing Omnibus-An Amendment of GASB Statement No. 10.* Governmental Accounting Standards Board Statement 31 (GASB 31), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* was early implemented by higher education institutions and proprietary component units. Although the new statements made numerous changes, most significant was to record investments at fair value. As a result, investments were increased by approximately $15,000,000.

The Special Indemnity Fund was reclassified from an Expendable Trust Fund to a Governmental Component Unit. Detailed amounts for this fund is presented in the combining financial statements.

One university included in the Higher Education Component Unit reevaluated the carrying value of its plant assets.

The following schedule reconciles June 30, 1996, fund equity as previously reported, to beginning fund equity, as restated, to include the adoption of new pronouncements and other changes (expressed in thousands).

	General	Capital Projects	Enterprise	Trust and Agency	Governmental Component Unit	Proprietary Component Units	Higher Education Component Unit
June 30, 1996, fund equity, as previously reported	$ 1,360,519	$ 109,949	$ 17,055	$ 10,269,197	$ -	$ 514,329	$ 2,129,596
Reclassifications:							
Special Indemnity Fund	-	-	-	18,752	(18,752)	-	-
Change in the application of accounting principle	-	-	-	17,028	-	-	-
Prior period adjustments:							
To record implementation of GASB 30 and 31	-	-	-	-	-	13,582	1,519
Plant inventory adjustments	-	-	-	-	-	-	911
Other	14,906	-	-	7,551	-	-	-
June 30, 1996, fund equity, as restated	$ 1,375,425	$ 109,949	$ 17,055	$ 10,312,528	$ (18,752)	$ 527,911	$ 2,132,026

Other Changes

During fiscal 1997, the State implemented Governmental Accounting Standards Board Statement 28 (GASB 28), *Accounting and Financial Reporting for Securities Lending Transactions.* As a result, the cash collateral received in security lending transactions, has been recorded as an asset and a corresponding liability on the balance sheet. Fiscal 1996 amounts have been restated for comparability purposes.

Additionally, Governmental Accounting Standards Board Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, requires disclosure of certain conduit debt not reported on the financial statements. Oklahoma Development Finance Authority (ODFA) is responsible for issuing some types of conduit debt. Disclosure of this debt is made in Note 17.

Note 17. Oklahoma Development Finance Authority

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA holds notes receivable and trust investments in amounts equal to the long-term financings. As of June 30, 1997, the aggregate principal amount payable for debt issued after July 1, 1996, was approximately $38,000,000. The aggregate principal amount payable for debt issued prior to July 1, 1996, could not be determined; however, the original issue amounts totaled approximately $113,000,000. These financings are not the general obligations of ODFA or the state, and it is the opinion of ODFA's management and its legal counsel that, in the event of default by a borrower, ODFA has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments have been excluded from the financial statements.

Credit Enhancement Reserve Fund

Under the Constitution of the State of Oklahoma, ODFA may issue bonds of the State, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of $100,000,000 for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The Fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 1997, there were approximately $14,800,000 of outstanding financial obligations insured by ODFA. Approximately $3,300,000 of these obligations were more than 90 days delinquent as of June 30, 1997. The Fund has accrued a reserve for losses of approximately $3,300,000 as of June 30, 1997, to cover potential losses from outstanding financial obligations insured by the Fund and a reserve for payments in lieu of interest of approximately $100,000 as of June 30, 1997, for accrued interest on financial obligations insured by the Fund. Through June 30, 1997, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since it is the intention of ODFA to utilize existing assets to meet obligations arising from losses reserved and accrued payments in lieu of interest by the Fund at June 30, 1997.

Note 18. Retirement and Pension Systems

A. General Description of the Retirement Systems

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). The Department of Wildlife Conservation Commission administers the Wildlife Conservation Retirement Plan (WCRP). The Oklahoma Housing Finance Agency has a defined contribution retirement plan that is privately administered.

OFPRS, OPERS, OPPRS, AND TRS are cost-sharing multiple-employer defined benefit retirement systems. URSJJ, WCRP and OLERS are single-employer defined benefit retirement systems. Pension benefit provisions for all plans except WCRP were established by statute and benefit provisions are amended by the State Legislature. The WCRP was also established by statute; however, benefit provisions are established and amended by the Wildlife Conservation Commission. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members and beneficiaries at the discretion of the State Legislature for the six PERS and at the discretion of the Wildlife Conservation Commission for the WCRP.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

Law Enforcement Retirement
P.O. Box 11415
Oklahoma City, OK 73136

Police Pension and Retirement
1001 N.W. 63rd St., Suite 305
Oklahoma City, OK 73116-7335

Public Employees Retirement
6601 N. Broadway Ext., Suite 129
Oklahoma City, OK 73152-3007

Uniform Retirement System for
Judges and Justices
2101 N. Lincoln Blvd.
Oklahoma City, OK 73116

Teachers Retirement
P.O. Box 53524
Oklahoma City, OK 73105-4209

The Wildlife Conservation Retirement Plan is included in the audit report of the Department of Wildlife Conservation. This report may be obtained from the Department of Wildlife Conservation, P.O. Box 53464, Oklahoma City, OK 73105.

Number of participating employers in cost-sharing multiple employer plans are as follows:

OFPRS	OPERS	OPPRS	TRS
471	131	114	633

During fiscal year 1997, funding for the Teachers' Retirement System improved slightly, primarily due to favorable returns on investments. However, at June 30, 1997, the System had an unfunded liability of $4,710,000,000, a slight decrease from the $4,740,000,000 unfunded liability at June 30, 1996. Joint executive-legislative recommendations are being proposed for the 1998 legislative session to address this significant problem.

B. Funding Policy

The contribution requirements for the six PERS are an established rate determined by the Legislature each year and are not based on actuarial calculations. The Wildlife Conservation Retirement Plan required contribution is determined by the Wildlife Conservation Commission and is based on actuarial calculations.

Oklahoma Firefighters Pension and Retirement System (OFPRS) receives contributions from participating full-time firefighters equal to 8% of applicable earnings, while member cities contribute 13% of the member's applicable earnings. In addition, the member cities contribute $60 for each volunteer firefighter unless their income in the general fund is less than $25,000, in which case they are exempt. The State allocates to OFPRS 34% of the insurance premium tax collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 1997, 1996, and 1995 totaled $39,045,428, $36,793,282, and $35,345,474, respectively.

Oklahoma Law Enforcement Retirement System (OLERS) receives contributions from state agencies and members of 10% and 8%, respectively, of the actual paid base salary of each member. State employer contributions to the plan for the years ended June 30, 1997, 1996, and 1995 were $3,601,498, $3,548,000, and $3,554,000, respectively. These contributions represent 100% of the contribution required. OLERS also receives 1.2% of all fees, taxes, and penalties collected by motor license agents, 50 cents per vehicle inspection sticker issued and 5% of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. The state contributions to the plan for years ended June 30, 1997, 1996, and 1995 totaled $13,297,927, $12,447,899, and $11,880,094, respectively.

Oklahoma Public Employees Retirement System (OPERS) receives contributions from each member based on their gross salary earned (excluding overtime) up to the maximum annual salary caps for the fiscal years ended June 30 as follows: 1997 - $70,000; 1998 - $80,000; and thereafter - No Cap. Contributions are received from the following categories of employees: eligible officers, which includes employees of the Department of Corrections who are classified as a correction officer or a probation and parole officer; elected officials, which includes elected officials who serve the State and participating counties; State employees, which includes all state employees except employees covered by one of the six other plans sponsored by the State; and employees of participating county and local agencies.

State, County, and Local Agency Employees - The contribution rates in effect for state employees and agencies are summarized as follows:

	State Employees		State Agencies
Year ended June 30	First $25,000	Above $25,000 To Cap	To Cap
1997	2.50%	3.50%	12.00%
1998	3.00%	3.50%	12.50%
Thereafter	3.50%	3.50%	12.50%

Percentages as set forth in the following table apply to participating county and local agencies:

Year ended June 30	First $25,000 Maximum Employee	Employer	Total	To Cap Employee	Employer
1997	7.50%	12.00%	14.50%	3.50%	12.00%
1998	8.00%	12.50%	15.50%	3.50%	12.50%
Thereafter	8.50%	12.50%	16.00%	3.50%	12.50%

Elected Officials - Elected officials' employee contributions are based on the maximum compensation levels set for all members and, the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0%, or 10.0%.

Eligible Officers - Eligible officers contribute 6.5% on the first $25,000 of earned compensation and 8.0% for salaries over $25,000 up to the applicable salary cap. Employer contributions are made on the same basis as for state agencies. Employee contributions of the first $25,000 of eligible salaries will increase by 0.5% annually beginning July 1, 1998, to a maximum of 8.0%.

State agency employer contributions to OPERS for the year ended June 30, 1997, 1996, and 1995 were $118,336,820, $107,381,215, and $103,506,658, respectively. These contributions represent 100% of the contribution required.

Uniform Retirement System for Justices and Judges (URSJJ) member contributions for fiscal 1997 are 5% of members' monthly salary. If a member elects to extend the provisions of URSJJ to a surviving spouse, contributions are 8% of a member's monthly salary. Contributions from the participating courts are 10% of all fines, forfeitures and penalties received by the courts. These contributions are determined quarterly.

Oklahoma Police Pension and Retirement System (OPPRS) receives contributions from each participating municipality and each participant. Until July 1, 1991, each municipality contributed 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 0.5% per year and continued until July 1, 1996, when the contribution level reached 13%. Each participant of OPPRS continues to contribute 8% of their actual paid base salary. In addition, the State allocates 14% of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 1997, 1996, and 1995 totaled $15,734,000, $15,150,000, and $14,555,000, respectively.

Teachers Retirement System (TRS) receives contributions from participating members and employers; however, an employer may elect to make all or part of the contribution for its employees. The contribution rates vary on pay up to $25,000 and over $25,000. The contribution rates for 1997 for members other than higher education was 6.5% on the first $25,000 and 7.0% over $25,000 with no pay maximum for the year ended June 30, 1997. Contribution rates for 1997 members of higher education was 6.5% on the first $25,000 and 7.0% over $25,000 up to the member's maximum compensation.

Beginning July 1, 1997 all members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the following table summarizes the maximum compensation level.

Fiscal Year	For Members Who Elected the $25,000 Limit Prior to June, 30 1995	For All Oth Members
1997	$32,500	49,000
1998	37,500	54,000
1999	42,500	59,000
2000	47,500	64,000
2001	52,500	69,000
Thereafter	No limit	No limit

Employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 9.5% for 1997 is applied to annual compensation up to defined caps depending upon the member's elections as previously described. Oklahoma statutes require the State to contribute 5/7ths of 78% of the natural and casinghead gas tax collected each year. These contributions received from the State are used to offset the percentage of the required employer contributions. TRS received approximately $153,382,756 from the State and approximately $8,732,368 from federal sources in fiscal year 1997. State employer contributions to TRS for the year ended June 30, 1997, 1996, and 1995 were $2,256,922, $1,103,617, and $830,524, respectively. These contributions represent 100% of the contribution required.

Wildlife Conservation Retirement Plan receives contributions from each member based on their annual covered salary. The contribution requirements are established and amended by the Wildlife Conservation Commission. On July 1, 1996, the employee contribution rate increased from 2.5% to 3%. The Department of Wildlife Conservation is required to contribute at an actuarially determined rate. The required contribution for the year ended June 30, 1997 was $1,483,000.

C. Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation (URSJJ's and OLERS' excess funding is represented as negative amounts) for the current year were as follows (expressed in thousands):

	URSJJ	WCRP	OLERS
Annual required contribution	$ 1,168	$ 1,483	$ 3,302
Interest on net pension obligation	(359)	219	(2,484)
Adjustment to annual required contribution	471	(262)	4,318
Annual pension cost	1,280	1,440	5,136
Contributions made	4,775	1,287	13,298
Increase (decrease) in net pension obligation	(3,495)	153	(8,162)
Net pension obligation-beginning of year	(4,777)	2,232	(35,496)
Net pension obligation-end of year	$ (8,272)	$ 2,385	$ (43,658)
Actuarial Assumptions:			
Investment rate of return	7.5%	8.0%	7.0%
Annual salary increase	1.0%	5.0%	5% to 9%
COLA increase	4.5%	2.0%	none

The annual required contribution for URSJJ and OLERS for the current year was determined as part of the July 1, 1996, actuarial valuation. Costs in the valuation were prepared using the entry age actuarial cost method, until July 1, 1994, for URSJJ and until July 1, 1997, for OLERS, which was when the unfunded actuarial liability was negative and the actuarial cost method was changed to the aggregate cost method. For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date, assuming a 7.5% rate of return for URSJJ and 7% rate of return for OLERS. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date. The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The Required Supplementary Information is not supplied for URSJJ and OLERS since contributions are determined under the aggregate method.

The annual required contribution for WCRP for the current year was determined as part of the July 1, 1996, actuarial valuation. Costs in the valuation were prepared using the entry age actuarial cost method. The actuarial value of assets is set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized over a 15-year period.

Three - Year Trend Information

(expressed in thousands)

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Uniform Retirement System for Justices and Judges	6/30/97	$1,280	373%	($8,272)
	6/30/96	2,547	179%	(4,777)
	6/30/95	2,817	132%	(2,821)
Wildlife Conservation Retirement Plan	6/30/97	1,440	89%	2,385
	6/30/96	1,354	93%	2,232
	6/30/95	1,305	0%	2,142
Oklahoma Law Enforcement Retirement System	6/30/97	5,135	259%	(43,658)
	6/30/96	5,933	210%	(35,496)
	6/30/95	6,505	183%	(28,981)

The following required supplementary schedule for the Wildlife Conservation Retirement Plan was determined as part of the actuarial valuations at the dates indicated.

Schedule of Funding Progress

(expressed in thousands)

Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/97	$46,333	$50,907	$4,574	91.0%	$11,389	40.2%
7/1/96	42,368	48,101	5,733	88.1%	10,808	53.0%
7/1/95	39,169	44,196	5,027	88.6%	10,330	48.7%

D. Other Retirement Systems

The Oklahoma Housing Finance Agency (OHFA), a component unit of the State, contributes to the Oklahoma Housing Finance Agency Retirement Plan, which is a defined contribution plan with 79 members. Under its provisions, employees become eligible for the plan after one year of service, at which time OHFA may contribute up to 10% of the employees' compensation to the Plan. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. Employees begin vesting after two years of service and become fully vested after six years of service. Employees are allowed to contribute to the plan on an after-tax basis with no limitations. Plan provisions were established and may be amended by the Board of Trustees. For the year ended September 30, 1996, OHFA's retirement plan expense was $232,773. Contributions made by OHFA represent 10% of covered payroll for 1996, net of plan forfeitures.

In addition to the TRS, various institutions in the Higher Education Component Unit participate in other pension plans, primarily the Teachers Insurance and Annuity Association. These plans, are defined contribution plans. Contributions made by the institutions are based on a percentage of payroll for qualified employees as determined by each institution’s contract. For those institutions providing these plans, the total covered payroll was $421,727,000. The institution contributions were $35,527,000 or 8.4% of covered payroll. Employees are not required to contribute to the plans.

Some Public Beneficiary Trusts are not eligible for participation in OPERS, and may have their own retirement plans.

Additional information regarding these plans may be found in the separately issued financial reports of these component units.

Note 19. Other Postemployment Benefits

In addition to the pension benefits described in Note 18, the State provides post-retirement health care benefits (OPEB). Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Judges and Justices (URSJJ), and Wildlife Conservation Retirement Plan (WCRP) pay the Medicare supplement premium or $75 per month, whichever is less, for all retirees who elect coverage at time of retirement through the Oklahoma State and Education Employee Group Insurance Board. Teachers' Retirement System of Oklahoma (TRS) pays between $70 and $75 per month for each retiree, depending on the member's years of service.

	Current Year Expenditures	Eligible Participants	Enabling Legislation
OLERS	$ 312,000	369	Title 74, 1316.2
OPERS	$ 11,437,000	12,831	Title 74, 1316.2
URSJJ	$ 65,500	71	Title 74, 1316.2
TRS	$ 19,580,000	23,410	Title 74, 1316.2
WCRP	$ 63,375	69	Title 29, 3-306

OLERS, OPERS, URSJJ, TRS and WCRP fund postemployment health care benefits as part of the overall retirement requirement. No separation of pension obligation and health insurance obligation is made and assets are not allocated between obligations. Disclosure information regarding OPEB is included in Note 17.

Oklahoma Firefighters Pension and Retirement System and Oklahoma Police Pension and Retirement System do not provide other postemployment benefits.

Fourteen of the colleges and universities included in the Higher Education Component Unit offer postemployment benefits upon the authorization of the institution’s Board of Regents. These benefits primarily provide health, dental and life insurance benefits. The eligibility requirements differ depending on the college or university. Current year benefit expenditures, funded on a pay-as-you-go basis, totaled approximately $2,080,000 for the estimated 1,900 eligible participants.

Note 20. On-Behalf Payments

In 1992, legislation was passed which resulted in changes in the amount and manner in which employer contributions to the Teachers’ Retirement System (TRS) are determined and made. For years beginning July 1, 1992, employer contributions are fixed at certain percentages of annual compensation. Contributions from the State, through the dedicated natural and casinghead gas tax, are used to pay a portion of the contributions required. The employer is responsible for providing any difference between the dedicated tax and the required employer contribution. During fiscal year 1997, the State contributed, through the dedicated natural and casinghead gas tax, approximately $30,101,000 to TRS on-behalf of the Higher Education Component Unit. These contributions are recognized as tax revenue/operating transfers to component units in the General Fund and operating transfers from primary government/expenditures in the Higher Education Component Unit.

In addition, approximately $10,174,000 in salary supplements were paid to employees of the State’s colleges and universities by various foundations organized to promote the interests of these entities. These supplements are reflected in the financial statements as revenue and expenditures of the Higher Education Component Unit.

Note 21. Condensed Financial Statement Information for Discretely Presented Proprietary Component Units and Enterprise Fund

Condensed financial statement information for the discretely presented proprietary component units for the fiscal year ended June 30, 1997 (unless a different fiscal year is indicated), follows (expressed in thousands). Descriptions of and goods or services provided by each component unit are disclosed in Item A of Note 1.

	Oklahoma Industrial Finance Authority	Health Insurance High Risk Fund	State Insurance Fund (12-31-96 Fiscal Year)	State and Education Employ. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Operating Revenue	$ 4,435	$ 824	$ 205,439	$ 248,412	$ 11,948	$ 165,641
Operating Expenses						
Depreciation	63	-	1,921	164	369	13,329
Other	4,285	716	181,376	317,812	10,293	192,016
Operating Income (Loss)	87	108	22,142	(69,564)	1,286	(39,704)
Operating Transfers:						
From Primary Government	-	-	-	-	-	29,360
To Primary Government	-	-	-	(31,500)	-	-
Nonoperating Revenues (Expenses)	2	-	54,249	30,840	2,425	1,795
Deferred Costs	-	-	-	-	-	-
Net Income (Loss)	$ 89	$ 108	$ 76,391	$ (70,224)	$ 3,711	$ (8,549)
Current Assets	$ 13,059	$ 108	$ 978,098	$ 246,190	$ 74,374	$ 79,593
Current Liabilities	1,662	-	862,628	144,147	8,271	24,097
Net Working Capital	$ 11,397	$ 108	$ 115,470	$ 102,043	$ 66,103	$ 55,496
Total Assets	$ 64,522	$ 108	$ 987,994	$ 246,890	$ 227,694	$ 195,659
Total Liabilities	63,391	-	862,628	144,147	190,841	27,582
Fund Equity	$ 1,131	$ 108	$ 125,366	$ 102,743	$ 36,853	$ 168,077
Long-term Liabilities	$ 61,729	$ -	$ -	$ -	$ 182,570	$ 3,485
Fixed Assets - Beginning of Year	$ 187	$ -	$ 12,693	$ 1,546	$ 577	$ 276,730
Additions	16	-	6,857	179	224	2,970
Deletions	-	-	(78)	-	-	(10,660)
Fixed Assets - End of Year	$ 203	$ -	$ 19,472	$ 1,725	$ 801	$ 269,040

The **Oklahoma Housing Finance Agency** (OHFA) received Federal financial assistance totaling $36,347,000 in housing assistance payments during the year ended September 30, 1996, under the Housing Assistance Payments Program. This Federal assistance was netted against applicable Federal expenditures on the financial statements. Therefore, no Federal revenue is presented for the OHFA operating statement.

Note 22. Commitments

Primary Government

The **Department of Transportation** had contractual commitments at June 30, 1997, of approximately $385,200,000 for construction of various highway projects. Future appropriations will fund these commitments as work is performed.

The **Department of Human Services** (DHS) maintains a construction unit which engages in capital improvements of State buildings. At year end, DHS had long-term projects totaling $22,215,000 for the General Fund and $707,000 for the Capital Projects Fund.

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency (9-30-96 Fiscal Year)	Oklahoma Turnpike Authority (12-31-96 Fiscal Year)	Grand River Dam Authority (12-31-96 Fiscal Year)	Oklahoma Municipal Power Authority (12-31-96 Fiscal Year)	Total
$ 3,448	$ 715	$ 2,671	$ 44,307	$ 112,050	$ 173,221	$ 76,990	$ 1,050,101
178	28	-	100	32,139	25,480	6,273	80,044
3,084	1,009	2,674	47,487	33,160	93,054	59,364	946,330
186	(322)	(3)	(3,280)	46,751	54,687	11,353	23,727
-	-	-	-	28,803	-	-	58,163
-	-	-	-	(28,803)	-	-	(60,303)
-	627	3	6,292	(30,484)	(56,504)	(16,131)	(6,886)
-	-	-	-	-	(215)	6,845	6,630
$ 186	$ 305	$ -	$ 3,012	$ 16,267	$ (2,032)	$ 2,067	$ 21,331
$ 712	$ 12,306	$ -	$ 72,203	$ 67,427	$ 108,661	$ 14,620	$ 1,667,351
364	85	1,342	13,058	43,361	56,627	20,628	1,176,270
$ 348	$ 12,221	$ (1,342)	$ 59,145	$ 24,066	$ 52,034	$ (6,008)	$ 491,081
$ 4,017	$ 16,400	$ 43,530	$ 553,457	$ 769,306	$ 988,865	$ 416,538	$ 4,514,980
3,609	13,507	43,456	522,647	701,288	960,903	402,517	3,936,516
$ 408	$ 2,893	$ 74	$ 30,810	$ 68,018	$ 27,962	$ 14,021	$ 578,464
$ 3,245	$ 13,422	$ 42,114	$ 509,589	$ 657,927	$ 904,276	$ 381,889	$ 2,760,246
$ 2,983	$ 109	$ -	$ 1,076	$ 1,042,029	$ 891,203	$ 197,126	$ 2,426,259
986	15	-	376	42,449	58,855	4,572	117,499
(326)	-	-	-	(1,934)	(56,745)	(72)	(69,815)
$ 3,643	$ 124	$ -	$ 1,452	$ 1,082,544	$ 893,313	$ 201,626	$ 2,473,943

The enterprise fund presented in the combined financial statements is comprised solely of **Oklahoma Water Resources Board** bond issues. This enterprise fund has current assets totaling $11,234,000 and current liabilities totaling $8,272,000, leaving net working capital of $2,962,000 for the fiscal year ended June 30, 1997.

Component Units

The **Oklahoma Industrial Finance Authority** (OIFA) had outstanding loan commitments at June 30, 1997, approved by its Board of Directors totaling $11,848,000. These loan agreements included a "pending clause" which stated that money would be disbursed upon availability of funds.

The **Oklahoma Student Loan Authority** (OSLA) has entered into various forward purchase and sale commitment agreements with certain Oklahoma financial institutions for which it performs interim status loan servicing. Under these forward purchase commitments, OSLA is required to purchase the Federal Family Education Loans (FFEL) under certain terms and conditions. As of June 30, 1997, OSLA was committed to purchase approximately $14,460,000 of FFEL.

The **Oklahoma Turnpike Authority** (OTA) had commitments outstanding at December 31, 1996, relating to equipment orders and supplies of approximately $461,000. At December 31, 1996, OTA had commitments outstanding relating to construction and maintenance contracts of approximately $9,034,000.

The **Grand River Dam Authority** (GRDA) has entered into agreements to purchase and transport coal for future use. Under the agreements, GRDA is committed to purchase and transport a specified number of tons of coal each year over the remaining lives of the agreements. Under terms of the agreements, the price of the coal and transportation costs are subject to escalation and prices may be renegotiated at specified times. Total purchases under the agreements were $58,725,000 for 1996. GRDA also entered into a lime purchase agreement in 1996. Under the agreement, GRDA is committed to purchase a specified number of tons of lime each year over the remaining life of the agreement. The price per ton increases yearly as specified by the contract.

The **Oklahoma Municipal Power Authority** (OMPA) purchased approximately $13,300,000 of power pursuant to several long-term purchase agreements during 1996. OMPA is obligated to purchase, at a minimum, approximately $6,200,000 of power annually through 2000, decreasing to $2,880,000 annually through 2003.

Under the bond resolutions, OMPA has covenanted that it will establish and collect rents, rates, and charges under the power sales contracts and will charge and collect rents, rates, and charges for the use or sale of the output, capacity or service of its system. This revenue and other available revenues, are expected to yield net revenues for the 12 month period commencing with the effective date of such rents, rates, and charges equal to at least 110% of the aggregate debt service for such period. This revenue and other available funds, will enable OMPA to discharge all other indebtedness, charges, and liens payable under the resolutions.

Rose State College (RSC), a member of the Higher Education Component Unit, has entered into a contract for the construction of a Communications Center. The total contract amount is approximately $11,047,000 with an estimated completion date of December 1997. As of June 30,1997, approximately $7,618,000 has been expended and is in construction in progress. The construction of the Communications Center will be partially funded by the proceeds of General Obligation Bonds issued by the **Rose State College Technical Area Education District**, a component unit of RSC.

Note 23. Litigation and Contingencies

The State and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State, but remained unpaid as of June 30, 1997. The State has accrued liabilities of approximately $8,400,000 for the payment of such claims. This amount is reported in the General Fund.

Other litigation and civil actions have been filed against the State with an estimated loss of approximately $12,000,000 to $23,000,000. Because the outcome of these proceedings is in question, no liability has been recorded for any loss that may result from these claims.

The State receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowances as a result of these audits could become a liability of the State. As of June 30, 1997, the State is unable to estimate what liabilities may result from such audits.

Primary Government

The **Department of Transportation** (DOT) has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, 82% of the amount held in suspense will be reimbursed. At June 30, 1997, DOT had project expenditures totaling $5,600,000 of which an estimated $4,592,000 will be reimbursed pending approval of the Federal Government.

The **Oklahoma Water Resources Board** (Board), pursuant to statute, assumed the obligations of the Oklahoma Water Conservation Storage Commission including a 1974 contractual obligation to repay the United States (through the Army Corps of Engineers) for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments are to be made for the reservoir construction, operation, and maintenance allocated to the present use water supply storage. Total unaudited construction costs of the Sardis Reservoir allocated to water supply storage are approximately $38,400,000. Payments on the reservoir began in 1983 and are to continue for 50 years. As of June 30, 1997, the State has made payments of approximately $3,240,000; however, the Board did not receive legislative authorization to pay the annual payments due in the fiscal years 1989 through 1995. The amount in arrears, including interest and penalty is approximately $5,000,000. The Army Corps of Engineers has indicated that the obligation may be declared in default and remedies sought. However, as an alternative the State is considering making a proposal to extinguish the debt on the reservoir by making a single lump sum payment to the federal government in the amount of $20,000,000. This lump sum payment would need approval by all parties involved and as of June 30, 1997, such approval for this payment had not yet been received.

The **Teachers' Retirement System of Oklahoma** (TRS) is a defendant in a class action lawsuit that challenges the method of calculating benefits established by Senate Bill 658. The plaintiffs are seeking increased benefits for retirees who retired prior to July 1, 1995. The estimated cost of additional benefits is approximately $25,000,000. However, TRS believes it has a strong defense against the lawsuit. Accordingly, no accrual has been made in the accompanying financial statements.

Component Units

The State Legislature enacted legislation which transferred $31,500,000 of state employee insurance premiums during fiscal year 1997 to the **Oklahoma State Regents for Higher Education** to help fund higher education in the state. These premiums were originally designated to be paid to the **Oklahoma State Employees Group Insurance Board** to provide health insurance coverage for state employees. Of the $31,500,000 transferred, an estimated $7,100,000 was included in grant costs charged to the federal government. The federal government has questioned the allowability of these costs under OMB Circular A-87 and is seeking a refund of the costs charged. The state disagrees both with the federal government's characterization of the transfer and the amount in question and believes the amount, if any, to be immaterial. The state is continuing its negotiations with the federal government on this issue and it is expected to be resolved during the 1998 legislative session. Because the outcome of this situation is uncertain, no liability has been recorded in the accompanying financial statements for any loss that may occur.

Note 24. Subsequent Events

Primary Government

Legislation enacted in May 1997, created changes to the benefits paid by **Oklahoma Public Employees Retirement System**. Included in the changes were one-time payments to eligible members or their joint annuitants based on the number of years of credited service. On July 31, 1997, the system made payments, totaling approximately $6,700,000, to eligible retired members. Additionally, the legislation established, effective January 1, 1998, a new qualified defined contribution plan pursuant to Section 401(a) of the Internal Revenue Code.

Component Units

During November 1996, **Oklahoma Housing Finance Agency** issued $20,000,000 of Single Family Mortgage Revenue Bonds 1996, Series C.

The 1997 Budget Reconciliation Act requires the return of $1,000,000,000 in Federal reserves from FFELP guarantee agencies. The act requires the **Oklahoma State Regents for Higher Education** (Regents) to transfer approximately $1,100,000 annually to a Regents controlled, restricted account in each of the four fiscal years 1999 to 2002, with the remittance to the US Treasury of the accumulated restricted account balance totaling approximately $4,460,000 in fiscal year 2002. Interest earned on the investments of this restricted account will be available to fund default prevention activities.

Pursuant to legislation enacted in 1995, **University Hospitals Authority** (UHA), in September 1997, created the **University Hospitals Trust** (UHT). The members of the UHA board are the trustees of UHT. UHT is authorized to

negotiate with private entities for the operations of UHA. UHT has approved an agreement in principle to lease and jointly operate all or a portion of the operations of UHA to a subsidiary of Columbia/HCA. Negotiations are underway to enter into a lease and joint operating agreement. The parties intend to sign a definitive agreement by January 1, 1998; however, to date no definitive agreement has been signed by UHT.

Calf Roping Picture

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE
EDUCATION				
State Arts Council				
01	Duties	$3,036	$2,102	$934
11	Carryover from FY-96 (196-01)	10	10	0
	Agency Totals	3,046	2,112	934
Department of Education				
01	Purchase of Textbooks	14,158	13,743	415
01	Public Schools (1)	1,108,845	1,108,845	0
01	Public Schools (1)	1,301	1,301	0
01	Public Schools (1)	456	456	0
02	Office of Accountability	213	207	6
02	Financial Support of Schools (1)	36,402	36,402	0
04	Hissom Compliance (Carryover from FY-96)	29	29	0
05	Adminstrative Support (Carryover from FY-96)	25	25	0
05	Purchase of Textbooks	4,433	4,433	0
06	Advanced Placement Incentives (2)	2,000	2,000	0
07	Minority Recruitment (Carryover from FY-96)	1	1	0
07	School Lunch Matching (1)	730	730	0
08	Develop Student Tracking System	1,500	256	1,244
08	Mainframe (Carryover from FY-96)	4	4	0
08	Alternative Education Academies (1)	6,450	6,450	0
09	Adminstrative Support (Carryover from FY-96)	6	6	0
09	Early Intervention - SoonerStart (1)	426	426	0
10	Homebound Children (1)	1,193	1,193	0
11	Accounting System (Carryover from FY-96)	11	11	0
11	Parent Training - Continuation/Expansion (1)	397	397	0
12	Parent Training - Public Housing	103	103	0
13	Special Education Assistance (1)	188	188	0
14	Summer Arts Institute	67	67	0
15	Community Education Grants (1)	300	300	0
17	Teacher Consultant Stipend (1)	958	958	0
21	School Community Network Arts (1)	129	129	0
23	School Lunch Matching (1)	2,759	2,759	0
24	School Lunch Programs(2)	3,191	3,114	77
27	Adult Education Matching (1)	863	863	0
28	Driver Education (1)	1,605	1,605	0
32	Textbooks (Carryover from FY-96)	2	2	0
33	Early Intervention - SoonerStart (1)	5,932	5,932	0
34	Hissom Compliance	316	183	133
35	Special Education Assistance (1)	291	291	0
36	Summer Arts Institute	233	233	0
37	Parent Training - Continuation/Expansion (1)	1,777	1,777	0
39	Parent Training - Child Service Cntr Evaluation	19	19	0
40	Parent Training - Public Housing	47	47	0
41	Parent Training - Early Child	42	42	0

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE
45	Staff Development - Woodward (1)	93	93	0
46	Staff Development - McAlester (1)	93	93	0
50	Alternative Education Academies (2)	4,100	4,071	29
52	Psychometric Services (1)	887	887	0
53	Alternative High Challenge Compet Applics (1)	1,807	1,807	0
54	Staff Development per ADA (1)	999	999	0
55	Staff Development - Ardmore (1)	93	93	0
56	Staff Development - Lawton (1)	93	93	0
57	Staff Development - Norman (1)	93	93	0
58	Staff Development - Stillwater (1)	93	93	0
59	Staff Development - Bartlesville (1)	93	93	0
61	ICTE -Small School Coop (1)	463	463	0
62	Early Intervention - SoonerStart (1)	56	56	0
63	ICTE - Science and Eng Fair (1)	53	53	0
64	Agriculture in the Classroom (1)	47	47	0
65	ICTE - Telecommunication Curriculum (1)	280	280	0
66	Staff Development per ADA (1)	3,312	3,312	0
70	Administration and Support Functions	15,025	14,446	579
71	Administration and Support Functions	1,643	1,643	0
72	Adult Education Federal Funding Match (1)	62	62	0
73	Oklahoma Cost Accounting System	203	202	1
74	Criterion Referenced Test	475	475	0
76	Lease - Purchase of Mainframe Computer	251	251	0
77	Parent Training - Field Operations	75	6	69
78	Oklahoma Geographic Alliance	48	48	0
80	School Lunch (Carryover from FY-96)	4	4	0
81	Hissom (Carryover from FY-96)	199	78	121
82	Parents as Teachers (Carryover FY-96)	25	25	0
83	Parent Training (Carryover from FY-96)	18	4	14
84	Parent Training (Carryover from FY-96)	3	3	0
85	Alt. Ed. Academy (Carryover from FY-96)	51	34	17
86	Admin. and Support (Carryover from FY-96)	598	597	1
87	Accounting System (Carryover from FY-96)	35	34	1
88	Mainframe (Carryover from FY-96)	33	33	0
89	Okla. Geographic (Carryover from FY-96)	2	2	0
	Agency Totals	1,228,807	1,226,100	2,707
Oklahoma Education Television Authority				
01	Duties	2,422	2,414	8
02	Carryover from FY-96 (196-01)	21	21	0
02	Duties	96	96	0
	Agency Totals	2,539	2,531	8
Oklahoma Commission for Teacher Preparation				
01	Duties	147	119	28
02	Duties (Carryover from FY-96)	47	36	11
	Agency Totals	194	155	39

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Commission of the Land Office			
01 Duties	4,541	3,971	570
Agency Totals	4,541	3,971	570
Department of Libraries			
01 Duties	5,042	4,830	212
02 Duties	400	376	24
11 Duties (Carryover from FY-96)	101	101	0
12 Data Processing (Carryover from FY-96)	57	57	0
Agency Totals	5,600	5,364	236
Board of Private Vocational School			
01 Duties	113	110	3
02 Duties	7	7	0
11 Carryover from FY-96 (196-01)	6	6	0
Agency Totals	126	123	3
Physician Manpower Training Commission			
01 Duties	300	300	0
01 Duties	4,891	4,891	0
11 Carryover	58	58	0
Agency Totals	5,249	5,249	0
Center for Advancement of Science and Technology			
01 Duties	421	421	0
02 Research Revolving Fund (1)	5,630	5,630	0
11 Duties (Carryover from FY-96)	233	233	0
Agency Totals	6,284	6,284	0
Oklahoma School of Science and Mathematics			
01 Duties	3,407	3,301	106
02 Duties	604	419	185
11 Duties (Carryover from FY-96)	221	171	50
12 Duties (Carryover from FY-96)	9	9	0
Agency Totals	4,241	3,900	341
Vocational and Technical Education			
01 Duties (1)	3,597	3,597	0
02 Duties (1)	4,819	4,819	0
08 Duties (2)	87,761	82,938	4,823
11 Duties (Carryover from FY-96)	88	88	0
18 Duties (Carryover from FY-96)	5,716	5,716	0
Agency Totals	101,981	97,158	4,823

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Education Total	1,362,608	1,352,947	9,661
GENERAL GOVERNMENT			
Office of State Finance			
01 Duties	8,411	7,397	1,014
02 Duties	201	201	0
Agency Totals	8,612	7,598	1,014
Capitol Improvement Authority			
01 Retiring Bonds for Capital Improvement	144	144	0
Agency Totals	144	144	0
Department of Commerce			
01 Duties	10,242	9,392	850
02 Duties	1,135	849	286
03 Community Action Agency - General Missions	757	742	15
04 Community Action Agency - Head Start	1,579	1,107	472
05 Minority Business Development Fund (1)	219	219	0
06 Rural Enterprise Inc.	26	18	8
08 Little Dixie Community Action Agency	31	27	4
09 SE OSU Small Bus Develop Center	622	622	0
10 Community Development Centers Program (1)	131	131	0
11 Rural Regional Incubator	49	41	8
12 Native American Cultural and Education	250	31	219
13 Dual Use Training Center	213	89	124
14 Head Start	1,500	1,276	224
15 Moving Costs	200	200	0
15 International Marketing	365	224	141
16 Rural Enterprise Inc	85	59	26
20 Capital Improvement Revolving Fund (1)	145	145	0
21 Duties (Carryover from FY-96)	525	457	68
21 Rural Regional Incubator	120	80	40
24 Head Start Administration	166	157	9
34 Community Action Agency Assoc. Head Start	65	51	14
35 Substate Grand Gateway	37	34	3
36 Substate EODD	37	34	3
37 Substate KEDDO	37	34	3
38 Substate SODA	37	28	9
39 Substate COEDD	37	34	3
40 Substate INCOG	40	37	3
41 Substate NODA	37	34	3
42 Substate ACOG	43	32	11
43 Substate ASCOG	38	31	7
44 Substate SWODA	36	28	8
45 Substate OEDA	36	32	4
46 Central Oklahoma Develop District	25	25	0
47 Easter Oklahoma Development District	40	27	13
48 Grand Gateway Economic Development	15	0	15
49 Northern Oklahoma Development Association	13	13	0
Agency Totals	18,933	16,340	2,593

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE
State Election Board				
01	Duties	5,815	4,187	1,628
01	Elections	1,260	151	1,109
11	Carryover from FY-96	1,442	1,442	0
12	Transfer for Election Expenses	1,260	1,260	0
21	Transfer for Election Expenses	389	389	0
	Agency Totals	10,166	7,429	2,737
Ethics Commission				
01	State Ethics Commission	320	320	0
03	FY-97 Supplemental - Special Investigations	26	14	12
	Agency Totals	346	334	12
Merit Protection Commission				
01	Duties	506	503	3
02	Legal Services	15	6	9
12	Legal Services (Carryover from FY-96)	15	15	0
	Agency Totals	536	524	12
State Auditor and Inspector				
01	Duties	3,668	3,667	1
03	County Govt Personnel Education and Training	384	384	0
04	Uniform Computer System Development	45	45	0
05	FY-97 Supplemental for Duties	266	266	0
	Agency Totals	4,363	4,362	1
Governor				
01	Duties	1,936	1,865	71
02	Secretary of Education and Expenses	200	138	62
03	Secretary of Veterans Affairs	75	75	0
04	Mansion Expenses	58	58	0
05	Duties	66	66	0
	Agency Totals	2,335	2,202	133
Lieutenant Governor				
01	Duties	344	286	58
02	Duties	15	0	15
11	Operations	174	163	11
21	Duties (Carryover from FY-96)	2	2	0
	Agency Totals	535	451	84

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Office of Personnel Management			
01 Duties	4,671	4,449	222
02 Duties	353	187	166
03 State Employee Comp Sys Reform	175	51	124
11 Duties	211	211	0
Agency Totals	5,410	4,898	512
Department of Central Services			
01 Duties	5,146	4,642	504
01 Manville and Asbestos Abatement	933	847	86
02 Building Maintenance (1)	3,838	3,838	0
03 Veteran's Memorial	5	5	0
04 Hissom	195	166	29
05 Duties	1,537	1,478	59
06 OCIA Bond payments	963	963	0
06 Centennial Commission	25	0	25
07 Carryover from FY-96	60	60	0
07 Duties	502	502	0
08 Duties	100	100	0
13 Veterans Memorial (Carryover from FY-96)	1	1	0
14 Hissom Memorial (Carryover from FY-96)	2	2	0
Agency Totals	13,307	12,604	703
Secretary of State			
01 Duties	312	288	24
03 Administrative Rules	122	122	0
04 Ballot Titles	10	6	4
05 Duties	52	52	0
11 Operations (Carryover from FY-96)	7	7	0
13 Administrative Rules (Carryover from FY-96)	1	1	0
14 Ballot Titles (Carryover from FY-96)	6	6	0
Agency Totals	510	482	28
Oklahoma Tax Commission			
30 Duties	43,075	42,876	199
32 County Reimbursement Fund (1)	647	647	0
33 97 Supplemental - Tax Refund Processing	416	416	0
Agency Totals	44,138	43,939	199

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
State Treasurer			
01 Duties	3,171	3,077	94
01 Payments to Counties (1)	98	98	0
02 Bank Service Charges	1,033	947	86
03 Duties	171	171	0
11 Duties	132	124	8
12 Bank Charges (Carryover from FY-96/95)	7	6	1
13 Add'l Bank Charge (Carryover from FY-96)	4	3	1
Agency Totals	4,616	4,426	190
General Government Total	113,951	105,733	8,218
HEALTH SERVICES			
Department of Health			
01 Duties	28,711	27,719	992
02 Eldercare (1)	5,254	5,254	0
03 Duties	3,147	3,129	18
04 Margaret Hudson Program	43	43	0
05 Community Health Centers Inc.	173	173	0
06 Southeast Area Health Center	173	173	0
07 Morton Comp Health Services	312	312	0
08 Sickle Cell Research Found	104	104	0
09 Emerson Teen Parent Program	135	135	0
10 Alzheimer's Advisory Council	55	55	0
11 Tolliver Alternative Care	47	47	0
12 Child Abuse (1)	1,481	1,481	0
14 Konawa Comm Health Center	125	125	0
15 Dental for Disabled/Elderly	150	150	0
16 OUHSC Women/Children Health	327	327	0
17 Carryover for Duties	842	841	1
19 High Risk Perinatal Services	2,502	2,453	49
20 Perinatal Continuing Education	210	210	0
21 Perinatal Demonstration Project	64	60	4
22 Child Abuse (1)	100	100	0
23 Kidney Health Program (1)	40	40	0
24 Konawa Community Health Center	25	25	0
25 Oklahoma City Indian Clinic	75	75	0
26 OUHSC Women/Children Health	2,100	2,100	0
27 Children First Program	1,150	655	495
28 Carryover to OUHSC Prenatal	64	64	0
47 Carryover to Emerson Teen Prog	10	10	0
Agency Totals	47,419	45,860	1,559

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Mental Health and Substance Abuse			
01 Duties	108,710	107,026	1,684
02 Duties	5,766	5,377	389
03 Duties	3,000	3,000	0
03 Mobile Outreach and Crisis	250	0	250
04 Area Prevention Resource Centers	250	243	7
05 Mobile Outreach and Crisis	250	0	250
06 Clozapine/atypical Medications	650	645	5
07 Clozapine/atypical Medications	350	350	0
10 Duties (Carryover from FY-96)	1,585	1,585	0
Agency Totals	120,811	118,226	2,585
Health Services Total	168,230	164,086	4,144
LEGAL AND JUDICIARY			
Indigent Defense System			
01 Duties (2)	8,122	7,997	125
02 97 Supplemental for Court-appointed Attorneys	796	796	0
03 97 Supplemental for Private Attorneys	1,314	1,122	192
04 97 Supplemental for 13 Temporary Employees	182	102	80
11 Duties	84	84	0
21 Duties	29	28	1
Agency Totals	10,527	10,129	398
Attorney General			
01 Duties	4,086	3,975	111
02 Public Employee Relations Board	40	40	0
03 FY-97 Supplemental for Duties	502	195	307
05 Evidence Fund	150	150	0
11 Duties	177	177	0
11 Computer Network	180	180	0
12 Employee Relations (Carryover from FY-96)	0	0	0
Agency Totals	5,135	4,717	418
Court of Criminal Appeals			
01 Duties	2,174	2,073	101
02 Duties	188	188	0
11 Duties	153	153	0
16 Computers	124	124	0
Agency Totals	2,639	2,538	101

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE
District Courts				
01	Duties	17,718	17,562	156
01	Duties	7,948	7,719	229
02	Duties	1,858	1,858	0
03	Duties	1,120	1,120	0
11	Duties	155	155	0
11	Duties (Carryover from FY-96)	261	261	0
	Agency Totals	29,060	28,675	385
District Attorneys Council				
01	Duties	25,107	24,256	851
02	Duties	861	861	0
03	Witness Fees	380	380	0
04	District Attorneys Evidence Fund (1)	25	25	0
05	FY-97 Supplemental for Murrah Bombing	139	37	102
11	Duties (Carryover from FY-96)	471	412	59
13	Duties (Carryover from FY-96)	137	137	0
14	Fed. Bldg Bomb Prosecution (Carryover FY-96)	100	100	0
	Agency Totals	27,220	26,208	1,012
Workers Compensation Court				
01	Duties	260	238	22
01	Duties	3,368	3,037	331
01	Duties - FY-97 Supplemental	230	230	0
03	Duties	801	800	1
11	Duties	20	20	0
11	Duties	4	4	0
12	Duties	2	2	0
31	Duties	9	9	0
	Agency Totals	4,694	4,340	354
Supreme Court				
01	FY-97 Supplemental - Duties	304	300	4
01	Duties	4,446	3,695	751
01	Duties	3,354	3,351	3
02	Supreme Court Revolving Fund	900	900	0
03	Legal Services Revolving Fund (1)	450	450	0
04	Duties	240	240	0
05	Duties	350	350	0
11	Duties	380	380	0
11	Duties	22	22	0
13	Computers	176	176	0
	Agency Totals	10,622	9,864	758

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Legal and Judiciary Total	89,897	86,471	3,426
MUSEUMS			
J. M. Davis Memorial Commission			
01 Duties	338	333	5
02 Duties - Payplan	17	17	0
Agency Totals	355	350	5
Historical Society			
01 Duties	4,573	4,456	117
02 Duties	1,196	1,057	139
11 Duties (Carryover from FY-96)	24	24	0
12 State Match (Carryover from FY-96)	87	86	1
21 Murrah Bld Archiving (Carryover from FY-96)	6	6	0
Agency Totals	5,886	5,629	257
Will Rogers Memorial Commission			
01 Duties	492	492	0
02 Duties	171	171	0
Agency Totals	663	663	0
Museums Total	6,904	6,642	262
NATURAL RESOURCES			
Department of Agriculture			
01 Duties	15,155	15,131	24
02 Duties - Payplan	693	693	0
03 McGee Creek Fire Protection	188	188	0
20 Duties (Carryover from FY-96)	164	164	0
71 Mediation Program	20	20	0
74 Rural Fire 80/20 Match	496	496	0
75 Rural Fire Department Program - Operations	300	300	0
79 Duties	300	285	15
Agency Totals	17,316	17,277	39
Department of Environmental Quality			
01 Duties	6,450	6,086	364
20 Duties (Carryover from FY-96)	444	443	1
Agency Totals	6,894	6,529	365

		GENERAL FUND		
		BUDGET	ACTUAL	VARIANCE
Department of Tourism and Recreation				
01	Duties (2)	21,791	21,615	176
02	Duties - Payplan	1,089	1,047	42
03	Moving Expenses - Asbestos	100	97	3
04	Tourism Brochures and Materials	250	228	22
05	TRIP	200	77	123
07	Scenic Rivers Commission (1)	63	63	0
31	OCIA Debt Service	1,563	1,563	0
32	Welcome Center Operations	100	100	0
41	Duties (Carryover from FY-96)	202	196	6
	Agency Totals	25,358	24,986	372
Conservation Commission				
01	Duties	5,059	5,018	41
02	Operations / Maintenance Upstream Flood	450	450	0
03	Duties - Payplan	352	346	6
04	Conservation Districts Operations	220	220	0
	Agency Totals	6,081	6,034	47
Water Resources Board				
01	Duties	3,262	3,156	106
02	Duties (Carryover from FY-96)	194	183	11
03	High Plains Aquifer Study	100	100	0
04	Clean Lakes Program	195	189	6
06	Duties	136	136	0
07	Water Supply Storage Payment (1)	508	508	0
	Agency Totals	4,395	4,272	123
Natural Resources Total		60,044	59,098	946
PUBLIC SAFETY AND DEFENSE				
Oklahoma Military Department				
01	Duties	4,420	4,117	303
02	Duties	996	991	5
03	Adjutant General Conference	20	19	1
04	Physical Asset Maintenance	200	200	0
11	Duties (Carryover from FY-96)	46	12	34
11	State Match/ Armory Maintenance	276	276	0
12	Armories (Carryover from FY-96)	1	1	0
14	D. P. Upgrade (Carryover from FY-96)	1	1	0
	Agency Totals	5,960	5,617	343

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Alcoholic Beverage Laws Enforcement			
01 Duties	3,261	3,256	5
Agency Totals	3,261	3,256	5
Department of Corrections			
30 Duties	201,663	199,362	2,301
31 Duties	44,466	44,466	0
32 FY-97 Supplemental for Duties	836	836	0
33 Duties (Redesignated)	1,000	938	62
40 Duties (Carryover from FY-96)	2,083	1,942	141
42 Duties (Carryover from FY-96)	78	78	0
Agency Totals	250,126	247,622	2,504
Pardon and Parole Board			
01 Duties	1,557	1,470	87
02 Duties	91	91	0
11 Duties (Carryover from FY-96)	55	52	3
Agency Totals	1,703	1,613	90
State Bureau of Investigation			
01 Duties	8,677	8,672	5
02 Duties	292	265	27
11 Duties (Carryover from FY-96)	45	45	0
Agency Totals	9,014	8,982	32
Department of Civil Emergency			
01 Duties	485	485	0
01 Volunteerism	22	22	0
02 Duties	87	87	0
Agency Totals	594	594	0
State Fire Marshal			
01 Duties	986	951	35
02 FY-97 Supplemental - Arson Invest/Ops	83	79	4
31 Duties (Carryover from FY-96)	2	2	0
Agency Totals	1,071	1,032	39

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Board of Medicolegal Investigation			
01 Duties	2,391	2,340	51
02 Duties	86	86	0
03 Pathologist	117	0	117
04 Duties	100	100	0
11 Duties (Carryover from FY-96)	2	2	0
Agency Totals	2,696	2,528	168
Council on Law Enforcement, Education and Training			
01 Duties	1,426	1,403	23
01 Duties	350	345	5
02 Duties	104	99	5
12 Duties (Carryover from FY-96)	6	6	0
41 Duties	184	178	6
Agency Totals	2,070	2,031	39
Bureau of Narcotics and Dangerous Drugs			
01 Duties	3,948	3,810	138
02 Duties	117	111	6
Agency Totals	4,065	3,921	144
Department of Public Safety			
01 Duties	358	358	0
01 Duties	49,256	48,758	498
01 Trooper Academy	1,193	1,132	61
02 Duties	1,665	1,665	0
23 Motor Vehicles	1,500	1,497	3
24 Aircraft Lease - Purchase and Operations	602	554	48
Agency Totals	54,574	53,964	610
Public Safety and Defense Totals	335,134	331,160	3,974
REGULATORY SERVICES			
State Banking Department			
01 Duties	2,196	2,144	52
Agency Totals	2,196	2,144	52

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Department of Mines			
01 Duties	427	427	0
02 Duties	300	300	0
03 Explosives and Blasting	30	30	0
Agency Totals	757	757	0
Corporation Commission			
01 Duties	2,272	2,227	45
02 Duties - Payplan	558	558	0
04 Career Ladder System	180	180	0
06 Duties (Carryover from FY-96)	72	72	0
10 Duties (2)	2,000	1,996	4
Agency Totals	5,082	5,033	49
Oklahoma Horse Racing Commission			
02 FY-97 Supplemental for Audits and Motor Pool	29	29	0
03 Duties (Carryover from FY-96)	35	35	0
87 Horse Racing Commission	1,972	1,880	92
Agency Totals	2,036	1,944	92
Insurance Department			
01 Duties	2,389	2,375	14
02 Duties	153	153	0
11 Duties (Carryover from FY-96)	11	11	0
Agency Totals	2,553	2,539	14
Department of Labor			
01 Duties	1,313	1,240	73
01 Duties	1,634	1,466	168
02 Prevailing Wage Unit	222	87	135
02 Duties	111	111	0
03 Duties	214	214	0
11 Boxing, Boiler Inspect (Carryover from FY-96)	110	110	0
12 Duties (Carryover from FY-96)	292	291	1
13 Duties (Carryover from FY-96)	70	69	1
Agency Totals	3,966	3,588	378
Liquefied Petroleum Gas Board			
01 Duties	362	332	30
02 Duties (Carryover from FY-96)	43	43	0
Agency Totals	405	375	30

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Oklahoma Securities Commission			
01 Duties	514	422	92
02 Duties	51	0	51
Agency Totals	565	422	143
Commission on Consumer Credit			
01 Consumer Credit Duties	684	605	79
03 Duties (Carryover from FY-96)	9	9	0
Agency Totals	693	614	79
Regulatory Services Total	18,253	17,416	837
SOCIAL SERVICES			
Commission on Children and Youth			
10 Operations	1,269	1,193	76
20 Duties	234	209	25
40 Duties	85	85	0
Agency Totals	1,588	1,487	101
Office of Handicapped Concerns			
01 Duties	310	309	1
02 Duties	10	0	10
20 Duties (Carryover from FY-96)	30	30	0
Agency Totals	350	339	11
Oklahoma Human Rights Commission			
10 Duties	665	653	12
20 FY-97 Supplemental for Duties	35	35	0
Agency Totals	700	688	12
Oklahoma Indian Affairs Commission			
10 Duties	169	167	2
20 Carryover from FY-96	2	2	0
30 FY-97 Supplemental for Duties	14	14	0
Agency Totals	185	183	2

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
Office of Juvenile Affairs			
01 Duties	1,800	1,800	0
01 Duties (2)	75,301	74,158	1,143
02 Delinquency and Youth Gang Intervention	1,400	1,316	84
03 Duties (1)	6,276	6,276	0
11 Delinquency and Youth Gang Intervention	0	0	0
11 Duties (Carryover from FY-96)	2,358	2,351	7
Agency Totals	87,135	85,901	1,234
Department of Veterans Affairs			
01 Duties	16,527	16,527	0
20 Duties	1,770	1,767	3
Agency Totals	18,297	18,294	3
Department of Human Services			
04 Duties (1)	295,980	295,980	0
01 Duties (1)	15,000	15,000	0
02 Duties (1)	21,896	21,896	0
03 Geriatric Day Care Services (1)	100	100	0
Agency Totals	332,976	332,976	0
J.D. McCarty Center			
10 Duties	850	850	0
11 Duties	500	500	0
12 Duties	186	186	0
Agency Totals	1,536	1,536	0
Department of Rehabilitative Services			
01 Duties (1)	21,216	21,216	0
02 Duties (1)	679	679	0
Agency Totals	21,895	21,895	0
Health Care Authority			
01 Duties (1)	246,690	246,690	0
01 Duties (1)	537	537	0
01 Medicaid (1)	2,987	2,987	0
02 Duties (1)	14,327	14,327	0
04 Duties (1)	25,295	25,295	0
08 Medicaid Services (1)	4,389	4,389	0
09 Medicaid Services (1)	1,681	1,681	0
Agency Totals	295,906	295,906	0

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
University Hospitals Authority			
01 Duties	26,577	26,528	49
02 97 Supplemental - OU College of Medicine	1,500	1,500	0
03 97 Supplemental - Medi-Flight Services	700	628	72
04 97 Supplemental - Child Study Center	400	107	293
05 97 Supplemental - Poison Control Center	200	200	0
Agency Totals	29,377	28,963	414
Social Services Total	789,945	788,168	1,777
TRANSPORTATION			
Department of Transportation			
01 Highway Construction and Maint. Fund (1)	175,066	175,066	0
01 Duties (1)	1,412	1,412	0
01 Duties (1)	2,500	2,500	0
01 Highway Construction and Maint. Fund (1)	15,549	15,549	0
01 Duties (1)	9,614	9,614	0
01 Duties (1)	500	500	0
01 Duties (1)	674	674	0
Agency Totals	205,315	205,315	0
Transportation Total	205,315	205,315	0
General Fund Total	$ 3,150,281	$ 3,117,036	$ 33,245

(1) Appropriation was transferred to a continuing fund for expenditure.
(2) Part of the appropriation was transferred to a continuing fund for expenditure.

Steer Wrestling Picture

COMBINING FINANCIAL STATEMENTS

Steer Wrestling Picture

COMBINING FINANCIAL STATEMENTS
TRUST AND AGENCY FUNDS

Trust and Agency Funds account for assets the State holds in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, or other funds.

EXPENDABLE TRUST FUND

The Expendable Trust Fund accounts for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Employment Security Commission accounts for the deposit of monies requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds account for the assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact.

Commissioners of the Land Office accounts for the land and cash granted to the State by the United States Congress for the use and benefit of educational systems in Oklahoma.

Department of Wildlife accounts for monies held in trust for the improvement and preservation of wildlife. The monies have been accumulated from the sale of lifetime hunting and fishing licenses.

PENSION TRUST FUNDS

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the various state retirement systems. See the Notes to the Financial Statements, Retirement and Pension Systems, for a description of the individual Pension Trust Funds.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various monies and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units, organizations, or individuals.

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) being held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that have been intercepted by the Tax Commission to be disbursed to claimants.

Deferred Compensation Plan is used to account for compensation deferred by state employees electing to participate in a deferred compensation plan in accordance with Internal Revenue Code Section 457. This plan is administered by the Oklahoma Public Employees Retirement System.

Funds Held for Other Governments are monies invested by the Office of the State Treasurer for other local governments. This includes Federal Farm Credit, county governments, and several school districts.

Funds Held in Escrow are monies held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission as an escrow account for royalties due unlocated owners, (3) Workers' Compensation Claims Under Appeal contains money being held in trust for an injured worker whose claim is on appeal. This fund is maintained by the Workers' Compensation Court, (4) Unsettled Premium Tax Suits is an escrow account being maintained by the Oklahoma Insurance Department for the purpose of depositing protested taxes and/or fees imposed under Oklahoma law, (5) Other monies accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts and sign deposits for motor vehicle inspection stations.

Assets Held for Beneficiaries are monies maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs (OJA), Department of Human Services (DHS), the Department of Corrections (DOC), the Department of Veterans Affairs, and the Department of Mental Health, (2) canteen funds at OJA and DOC institutions, (3) DHS custodial parents from the collection from absent parents, (4) DHS clients placed in agency custody, and (5) the inventory maintained for commodities.

Other is monies accounted for (1) by the Employees' Benefit Council for payment of employee claims against SoonerFlex flexible spending accounts, (2) property distribution maintained by the Department of Central Services to account for federal surplus property transferred to the State's custody to be sold or donated to other governmental entities and/or specified nonprofit organizations and property seized by state organizations pending the outcome of legal proceedings, (3) deposits held by the Department of Central Services for bid process documents, (4) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, and (5) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and being returned to the accounts contributors.

Combining Balance Sheet
Trust and Agency Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Expendable Trust - Employment Security Commission	Nonexpendable Trusts
Assets		
Cash/Cash Equivalents	$ 590,440	$ 18,863
Investments	0	834,139
Securities Lending Investments	0	0
Accounts Receivable	2,723	0
Interest and Investments Revenue Receivable	0	0
Employer Contributions Receivable	0	0
Employee Contributions Receivable	0	0
Other Contributions Receivable	0	0
Taxes Receivable	3,236	0
Federal Grants Receivable	213	0
Other Receivables	0	11,283
Due from Brokers	0	0
Due from Other Funds	0	46
Due from Component Units	0	0
Inventory	0	0
Fixed Assets, Net	0	0
Other Assets	0	8,438
Total Assets	$ 596,612	$ 872,769
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	$ 180	$ 0
Payable Under Securities Lending Agreement	0	0
Claims and Judgments	0	0
Interest Payable	0	0
Tax Refunds Payable	36	0
Due to Brokers	0	0
Due to Other Funds	0	0
Due to Component Units	0	0
Due to Others	0	0
Deferred Revenue	2,427	4,247
Compensated Absences	0	0
Benefits in the Process of Payment	0	0
Deferred Compensation	0	0
Total Liabilities	2,643	4,247
Fund Balances		
Reserved		
Unemployment Benefits	593,969	0
Preservation of Wildlife	0	36,313
Employees' Pension Benefits	0	0
Permanent Trust	0	822,690
Undistributed Revenue	0	9,519
Unreserved		
Undesignated	0	0
Total Fund Balances	593,969	868,522
Total Liabilities and Fund Balances	$ 596,612	$ 872,769

Pension Trusts	Agency	Total 1997	Total 1996
$ 93,160	$ 145,751	$ 848,214	$ 1,189,185
10,541,354	185,757	11,561,250	9,372,372
1,109,418	0	1,109,418	643,267
0	64	2,787	3,174
61,583	530	62,113	64,242
13,215	0	13,215	6,693
14,917	0	14,917	12,475
1,091	0	1,091	1,039
0	271	3,507	3,070
0	0	213	194
108	0	11,391	15,253
12,873	0	12,873	43,289
12,869	459	13,374	13,739
342	429	771	749
0	4,285	4,285	3,882
1,642	0	1,642	1,461
15	0	8,453	9,108
$ 11,862,587	$ 337,546	$ 13,669,514	$ 11,383,192
$ 1,957	$ 149	$ 2,286	$ 3,170
1,109,418	0	1,109,418	643,267
0	0	0	0
0	0	0	0
0	3,293	3,329	2,515
66,415	0	66,415	70,592
0	3	3	20
0	14	14	3,611
0	148,328	148,328	120,538
0	0	6,674	6,557
189	0	189	178
57,075	0	57,075	59,577
0	185,759	185,759	160,639
1,235,054	337,546	1,579,490	1,070,664
0	0	593,969	547,533
0	0	36,313	35,246
10,627,533	0	10,627,533	8,934,578
0	0	822,690	784,019
0	0	9,519	11,152
0	0	0	0
10,627,533	0	12,090,024	10,312,528
$ 11,862,587	$ 337,546	$ 13,669,514	$ 11,383,192

Combining Balance Sheet
Nonexpendable Trust Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total 1997	Total 1996
Assets				
Cash/Cash Equivalents	$ 18,034	$ 829	$ 18,863	$ 195,391
Investments	798,708	35,431	834,139	616,233
Other Receivables	11,283	0	11,283	13,950
Due from Other Funds	0	46	46	36
Other Assets	8,431	7	8,438	9,108
Total Assets	$ 836,456	$ 36,313	$ 872,769	$ 834,718
Liabilities and Fund Balances				
Liabilities				
Deferred Revenue	$ 4,247	$ 0	$ 4,247	$ 4,301
Total Liabilities	4,247	0	4,247	4,301
Fund Balances				
Reserved				
Preservation of Wildlife	0	36,313	36,313	35,246
Permanent Trust	822,690	0	822,690	784,019
Undistributed Revenue	9,519	0	9,519	11,152
Total Fund Balances	832,209	36,313	868,522	830,417
Total Liabilities and Fund Balances	$ 836,456	$ 36,313	$ 872,769	$ 834,718

Combining Statement of Revenues, Expenses and Changes in Fund Balances
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total 1997	Total 1996
Operating Revenues				
Licenses, Permits and Fees	$ 0	$ 1,518	$ 1,518	$ 955
Sales and Services	0	74	74	74
Interest and Investment Revenue	64,582	2,544	67,126	65,615
Rental Revenue	9,661	0	9,661	8,417
Sales of Investments	18,150	0	18,150	6,901
Other	2	0	2	0
Total Operating Revenues	92,395	4,136	96,531	81,962
Operating Expenses				
Administrative Expense	2,307	0	2,307	237
Benefit Payments and Refunds	36,146	0	36,146	39,532
Total Operating Expenses	38,453	0	38,453	39,769
Income Before Operating Transfers	53,942	4,136	58,078	42,193
Operating Transfers Out	(3,952)	(3,069)	(7,021)	(7,707)
Operating Transfers To Component Units	(12,952)	0	(12,952)	(14,287)
Net Income	37,038	1,067	38,105	20,199
Fund Balances - Beginning of Year	795,171	35,246	830,417	810,218
Fund Balances - End of Year	$ 832,209	$ 36,313	$ 868,522	$ 830,417

Combining Statement of Cash Flows
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Commissioners of the Land Office	Department Of Wildlife	Total 1997	Total 1996
Cash Flows from Operating Activities				
Operating Income	$ 53,942	$ 4,136	$ 58,078	$ 42,193
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations				
Amortization (Accretion) and Other Noncash Expenses	9,921	0	9,921	5,339
Reclassification of Investment Income	(75,598)	(2,544)	(78,142)	(71,035)
Decrease (Increase) in Assets				
Interfund Receivable	0	(10)	(10)	(3)
Increase (Decrease) in Liabilities				
Deferred Revenue	(54)	0	(54)	507
Net Cash Provided (Used) by Operating Activities	(11,789)	1,582	(10,207)	(22,999)
Cash Flows from Noncapital Financing Activities				
Operating Transfers Out	(3,952)	(3,069)	(7,021)	(7,707)
Operating Transfers to Component Units	(12,952)	0	(12,952)	(14,287)
Net Cash (Used) by Noncapital Financing Activities	(16,904)	(3,069)	(19,973)	(21,994)
Cash Flows from Investing Activities				
Interest and Investment Revenue	66,600	2,544	69,144	70,174
Proceeds from Sale/Maturities of Investments	246,719	0	246,719	407,283
Principal Received from Notes Receivable	649	0	649	76,483
Payments to Purchase Investments	(462,509)	(351)	(462,860)	(314,083)
Net Cash Provided (Used) by Investing Activities	(148,541)	2,193	(146,348)	239,857
Net Increase (Decrease) in Cash/Cash Equivalents	(177,234)	706	(176,528)	194,864
Cash/Cash Equivalents - Beginning of Year	195,268	123	195,391	527
Cash/Cash Equivalents - End of Year	$ 18,034	$ 829	$ 18,863	$ 195,391

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Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System
Assets			
Cash/Cash Equivalents	$ 2,308	$ 13,771	$ 480
Investments	1,045,897	384,015	3,744,227
Securities Lending Investments	118,264	108,377	353,449
Interest and Investment Revenue Receivable	4,131	2,100	22,707
Employer Contributions Receivable	637	0	1,225
Employee Contributions Receivable	325	0	397
Other Contributions Receivable	0	0	0
Other Receivables	104	0	0
Due from Broker	8,518	0	2,872
Due from Other Funds	813	1,207	113
Due from Component Units	0	0	250
Fixed Assets, Net	56	0	1,272
Other Assets	0	0	15
Total Assets	1,181,053	509,470	4,127,007
Liabilities			
Accounts Payable	902	81	0
Secuties Lending Payable	118,264	108,377	353,449
Due to Broker	15,563	442	5,976
Due to Other Funds	0	0	0
Compensated Absences	61	0	0
Benefits in the Process of Payment	3,909	11,300	0
Total Liabilities	138,699	120,200	359,425
Fund Balance Reserved for Employees' Pension Benefits	$ 1,042,354	$ 389,270	$ 3,767,582

Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Wildlife Conservation Retirement Plan	Total	
				1997	1996
$ 3	$ 55,530	$ 21,068	$ 0	$ 93,160	$ 328,034
128,944	916,521	4,272,576	49,174	10,541,354	8,595,501
14,100	173,867	341,361	0	1,109,418	643,267
798	6,456	25,391	0	61,583	63,748
1,280	293	9,780	0	13,215	6,693
0	339	13,856	0	14,917	12,475
0	0	1,091	0	1,091	1,039
4	0	0	0	108	1,303
106	0	1,377	0	12,873	43,289
105	335	10,269	27	12,869	13,300
0	0	92	0	342	288
0	0	314	0	1,642	1,461
0	0	0	0	15	0
145,340	1,153,341	4,697,175	49,201	11,862,587	9,710,398
0	974	0	0	1,957	2,188
14,100	173,867	341,361	0	1,109,418	643,267
892	12,911	30,631	0	66,415	70,592
0	0	0	0	0	18
0	0	128	0	189	178
0	26,326	15,540	0	57,075	59,577
14,992	214,078	387,660	0	1,235,054	775,820
$ 130,348	$ 939,263	$ 4,309,515	$ 49,201	$ 10,627,533	$ 8,934,578

Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System
Additions			
Contributions			
Employer Contributions	$ 17,967	$ 3,601	$ 135,398
Employee Contributions	9,313	2,460	35,065
Other Contributions	39,045	13,298	0
Total Contributions	66,325	19,359	170,463
Investment Income			
Net Appreciation in Fair Value of Investments	138,503	43,957	489,865
Interest and Investment Revenue	32,238	17,566	123,200
	170,741	61,523	613,065
Less Investment Expenses	10,535	5,349	22,443
Net Investment Income	160,206	56,174	590,622
Other Revenue	0	0	0
Total Additions	226,531	75,533	761,085
Deductions			
Administrative and General Expenses	675	296	2,049
Benefit Payments and Refunds	67,641	20,299	173,085
Total Deductions	68,316	20,595	175,134
Net Increase	158,215	54,938	585,951
Fund Balance Reserved for Employees' Pension Benefits			
Beginning of Year	884,139	334,332	3,181,631
End of Year	$ 1,042,354	$ 389,270	$ 3,767,582

Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Wildlife Conservation Retirement Plan	Total	
				1997	1996
$ 4,775	$ 17,251	$ 114,627	$ 1,401	$ 295,020	$ 220,283
1,201	9,501	173,003	328	230,871	200,299
0	15,734	162,115	0	230,192	186,474
5,976	42,486	449,745	1,729	756,083	607,056
17,138	110,312	588,477	4,830	1,393,082	864,924
4,124	41,430	155,311	1,643	375,512	334,060
21,262	151,742	743,788	6,473	1,768,594	1,198,984
590	12,526	7,590	0	59,033	38,053
20,672	139,216	736,198	6,473	1,709,561	1,160,931
0	0	197	0	197	85
26,648	181,702	1,186,140	8,202	2,465,841	1,768,072
76	920	2,401	321	6,738	6,149
3,824	46,732	452,649	1,918	766,148	719,024
3,900	47,652	455,050	2,239	772,886	725,173
22,748	134,050	731,090	5,963	1,692,955	1,042,899
107,600	805,213	3,578,425	43,238	8,934,578	7,891,679
$ 130,348	$ 939,263	$ 4,309,515	$ 49,201	$ 10,627,533	$ 8,934,578

Combining Statement of Assets and Liabilities
Agency Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Taxes Held For Outside Entities	Deferred Compensation Plan	Funds Held For Other Governments
Assets			
Cash/Cash Equivalents	$ 100,648	$ 2	$ 10,600
Investments	0	185,757	0
Accounts Receivable	26	0	0
Interest Receivable	469	0	45
Taxes Receivable	271	0	0
Due from Other Funds	0	0	0
Due from Component Units	0	0	0
Inventory	0	0	0
Total Assets	$ 101,414	$ 185,759	$ 10,645
Liabilities			
Accounts Payable and Accrued Liabilities	$ 2	$ 0	$ 0
Tax Refunds Payable	3,293	0	0
Due to Other Funds	0	0	0
Due to Component Units	0	0	0
Due to Others	98,119	0	10,645
Deferred Compensation	0	185,759	0
Total Liabilities	$ 101,414	$ 185,759	$ 10,645

Funds Held In Escrow	Assets Held For Beneficiaries	Other	Total 1997	Total 1996
$ 6,802	$ 13,853	$ 13,846	$ 145,751	$ 121,217
0	0	0	185,757	160,638
14	12	12	64	908
10	6	0	530	494
0	0	0	271	62
0	0	459	459	403
0	0	429	429	461
0	915	3,370	4,285	3,882
$ 6,826	$ 14,786	$ 18,116	$ 337,546	$ 288,065
$ 146	$ 1	$ 0	$ 149	$ 951
0	0	0	3,293	2,324
0	3	0	3	2
0	0	14	14	3,611
6,680	14,782	18,102	148,328	120,538
0	0	0	185,759	160,639
$ 6,826	$ 14,786	$ 18,116	$ 337,546	$ 288,065

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	$ 91,151	$ 1,390,244	$ 1,380,747	$ 100,648
Accounts Receivable	25	26	25	26
Interest Receivable	428	469	428	469
Taxes Receivable	62	271	62	271
Total Assets	$ 91,666	$ 1,391,010	$ 1,381,262	$ 101,414
Liabilities				
Accounts Payable and Accrued Liabilities	$ 7	$ 2	$ 7	$ 2
Tax Refunds Payable	2,324	3,293	2,324	3,293
Due to Others	89,335	1,387,715	1,378,931	98,119
Total Liabilities	$ 91,666	$ 1,391,010	$ 1,381,262	$ 101,414
Deferred Compensation				
Assets				
Cash/Cash Equivalents	$ 1	$ 1	$ 0	$ 2
Investments	160,638	80,542	55,423	185,757
Total Assets	$ 160,639	$ 80,543	$ 55,423	$ 185,759
Liabilities				
Deferred Compensation	$ 160,639	$ 80,543	$ 55,423	$ 185,759
Total Liabilities	$ 160,639	$ 80,543	$ 55,423	$ 185,759
Funds Held for Other Governments				
Assets				
Cash/Cash Equivalents	$ 6,600	$ 10,600	$ 6,600	$ 10,600
Interest Receivable	27	45	27	45
Total Assets	$ 6,627	$ 10,645	$ 6,627	$ 10,645
Liabilities				
Due to Others	$ 6,627	$ 10,645	$ 6,627	10,645
Total Liabilities	$ 6,627	$ 10,645	$ 6,627	$ 10,645
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	$ 6,466	$ 4,131	$ 3,795	$ 6,802
Accounts Receivable	7	14	7	14
Interest Receivable	38	10	38	10
Total Assets	$ 6,511	$ 4,155	$ 3,840	$ 6,826
Liabilities				
Accounts Payable and Accrued Liabilities	$ 246	$ 146	$ 246	$ 146
Due to Others	6,265	4,009	3,594	6,680
Total Liabilities	$ 6,511	$ 4,155	$ 3,840	$ 6,826

	Balance June 30, 1996	Additions	Deletions	Balance June 30, 1997
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	$ 14,148	$ 141,910	$ 142,205	$ 13,853
Accounts Receivable	694	12	694	12
Interest Receivable	1	6	1	6
Inventory	1,765	915	1,765	915
Total Assets	$ 16,608	$ 142,843	$ 144,665	$ 14,786
Liabilities				
Accounts Payable and Accrued Liabilities	$ 697	$ 1	$ 697	$ 1
Due to Other Funds	2	3	2	3
Due to Others	15,909	142,839	143,966	14,782
Total Liabilities	$ 16,608	$ 142,843	$ 144,665	$ 14,786
Other				
Assets				
Cash/Cash Equivalents	$ 2,851	$ 131,539	$ 120,544	$ 13,846
Investments	0	0	0	0
Accounts Receivable	182	12	182	12
Due from Other Funds	403	459	403	459
Due from Component Units	461	429	461	429
Inventory	2,117	11,763	10,510	3,370
Total Assets	$ 6,014	$ 144,202	$ 132,100	$ 18,116
Liabilities				
Accounts Payable and Accrued Liabilities	$ 1	$ 0	$ 1	$ 0
Due to Component Units	3,611	14	3,611	14
Due to Others	2,402	144,188	128,488	18,102
Total Liabilities	$ 6,014	$ 144,202	$ 132,100	$ 18,116
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	$ 121,217	$ 1,678,425	$ 1,653,891	$ 145,751
Investments	160,638	80,542	55,423	185,757
Accounts Receivable	908	64	908	64
Interest Receivable	494	530	494	530
Taxes Receivable	62	271	62	271
Due from Other Funds	403	459	403	459
Due from Component Units	461	429	461	429
Inventory	3,882	12,678	12,275	4,285
Total Assets	$ 288,065	$ 1,773,398	$ 1,723,917	$ 337,546
Liabilities				
Accounts Payable and Accrued Liabilities	$ 951	$ 149	$ 951	$ 149
Tax Refunds Payable	2,324	3,293	2,324	3,293
Due to Other Funds	2	3	2	3
Due to Component Units	3,611	14	3,611	14
Due to Others	120,538	1,689,396	1,661,606	148,328
Deferred Compensation	160,639	80,543	55,423	185,759
Total Liabilities	$ 288,065	$ 1,773,398	$ 1,723,917	$ 337,546

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Barrel Racing Picture

COMBINING FINANCIAL STATEMENTS
COMPONENT UNITS

GOVERNMENTAL COMPONENT UNIT

SPECIAL INDEMNITY FUND

P.O. Box 528801, Oklahoma City, Oklahoma 73152

The Special Indemnity Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

PROPRIETARY COMPONENT UNITS

Proprietary component units include the entities listed below. A brief description of these entities is included in the Combining Financial Statements-Component Units-Proprietary Funds section of this report.

Oklahoma Industrial Finance Authority
Health Insurance High Risk Pool
State Insurance Fund
State and Education Employees Group Insurance Board
Oklahoma Student Loan Authority
University Hospitals Authority
Medical Technology and Research Authority
Oklahoma Development Finance Authority
Oklahoma Environmental Finance Authority
Oklahoma Housing Finance Agency
Oklahoma Turnpike Authority
Grand River Dam Authority
Oklahoma Municipal Power Authority

HIGHER EDUCATION COMPONENT UNIT

The Higher Education Component Unit includes the entities listed below. A brief description of these entities is included in the Combining Financial Statements-Component Unit-Higher Education Funds section of this report.

University of Oklahoma
Oklahoma State University
University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers University
University of Science and Arts of Oklahoma
Carl Albert Junior College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A&M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College
Board of Regents of Oklahoma Colleges
Oklahoma State Regents for Higher Education
Ardmore Higher Education Program
McCurtain County Higher Education Program
Rose State College Technical Area Education District
South Oklahoma City Area School District
Tulsa Community College Area School District

Combining Balance Sheet
Component Units
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Governmental			Total	
	Special Indemnity Fund	Proprietary	Higher Education	1997	1996
Assets and Other Debits					
Assets					
Cash/Cash Equivalents	$ 206	$ 148,428	$ 386,571	$ 535,205	$ 508,559
Investments	0	1,564,242	294,698	1,858,940	1,847,883
Securities Lending Investments	0	247,988	0	247,988	211,185
Accounts Receivable	0	103,441	95,303	198,744	197,238
Interest and Investment Revenue Receivable	0	20,345	2,709	23,054	22,581
Federal Grants Receivable	0	1,008	1,415	2,423	2,786
Lease Payments Receivable	0	39,689	0	39,689	45,680
Other Receivables	0	218	0	218	1,791
Notes and Loans Receivable	0	649,066	42,512	691,578	676,528
Due from Other Funds	0	0	77,112	77,112	61,317
Due from Component Units	0	2,336	4,597	6,933	2,325
Due from Primary Government	929	1,649	5,869	8,447	14,434
Inventory	0	39,989	20,087	60,076	53,669
Prepaid Items	0	805	5,877	6,682	5,770
Fixed Assets, Net	0	1,374,177	1,870,992	3,245,169	3,096,793
Other Assets	0	321,599	3,339	324,938	317,487
Other Debits					
Amount to Be Provided For Claims and Judgments	143,357	0	0	143,357	127,575
Total Assets and Other Debits	$ 144,492	$ 4,514,980	$ 2,811,081	$ 7,470,553	$ 7,193,601

	Governmental			Total	
	Special Indemnity Fund	Proprietary	Higher Education	1997	1996
Liabilities, Fund Equity and Other Credits					
Liabilities					
Accounts Payable and Accrued Liabilities	$ 54	$ 61,725	$ 84,065	$ 145,844	$ 117,993
Payable Under Securities Lending Agreement	0	247,988	0	247,988	211,185
Claims and Judgments	162,978	687,589	0	850,567	861,434
Interest Payable	2,703	44,324	2,928	49,955	49,848
Due to Other Funds	0	0	78,272	78,272	59,937
Due to Component Units	63	1,645	3,229	4,937	2,378
Due to Primary Government	0	44,024	272	44,296	42,371
Due to Others	0	0	18,567	18,567	15,144
Deferred Revenue	0	47,793	90,959	138,752	102,279
Capital Leases	0	5,757	18,455	24,212	17,007
Compensated Absences	0	10,965	39,508	50,473	49,694
Notes Payable	0	44,298	10,911	55,209	63,266
General Obligation Bonds	0	62,073	6,425	68,498	60,740
Revenue Bonds	0	2,635,162	165,067	2,800,229	2,784,855
Other Liabilities	0	43,173	14,992	58,165	78,382
Total Liabilities	165,798	3,936,516	533,650	4,635,964	4,516,513
Fund Equity and Other Credits					
Investment in General Fixed Assets	0	0	1,694,588	1,694,588	1,578,404
Retained Earnings					
Reserved					
Debt Service	0	15,711	0	15,711	13,715
Unreserved	0	533,531	0	533,531	514,196
Net Unrealized Gain on Securities	0	29,222	0	29,222	35,903
Fund Balances					
Unreserved					
Designated					
Other Special Purposes	0	0	582,843	582,843	553,622
Undesignated	(21,306)	0	0	(21,306)	(18,752)
Total Fund Equity and Other Credits	(21,306)	578,464	2,277,431	2,834,589	2,677,088
Total Liabilities, Fund Equity and Other Credits	$ 144,492	$ 4,514,980	$ 2,811,081	$ 7,470,553	$ 7,193,601

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COMBINING FINANCIAL STATEMENTS
COMPONENT UNITS – PROPRIETARY FUNDS

The State of Oklahoma has thirteen proprietary component units which are described below:

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. The loans are financed by issuance of general obligation bonds.

HEALTH INSURANCE HIGH RISK POOL

3814 N. Santa Fe, Oklahoma City, Oklahoma 73118

The Pool provides health insurance to individuals who are unable to obtain coverage from independent insurers. The Pool is financed by assessments levied on independent insurers.

STATE INSURANCE FUND

P.O. Box 53505, Oklahoma City, Oklahoma 73152

The Fund provides a source for workers' compensation insurance for all employers within the State including state agencies and other governmental units. The Fund is financed through employer premiums.

STATE AND EDUCATION EMPLOYEES GROUP INSURANCE BOARD

3545 N.W. 58th Street, Suite 1000, Oklahoma City, Oklahoma 73112

The Board provides varying coverages of group health, dental, life, and disability benefits to active employees and retirees of the State, local governments, and education entities as well as certain other eligible participants. The Board is financed through employer and employee premiums.

OKLAHOMA STUDENT LOAN AUTHORITY

4545 N. Lincoln Blvd., Suite 66, Oklahoma City, Oklahoma 73105

The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

MEDICAL TECHNOLOGY AND RESEARCH AUTHORITY

1100 N. Lindsey, SCB 148, Oklahoma City, Oklahoma 73104

The Medical Technology and Research Authority promotes and assists the development of medical technology and research benefiting the citizens of Oklahoma.

UNIVERSITY HOSPITALS AUTHORITY

940 N.E. 13th Street, Oklahoma City, Oklahoma 73104

The Authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center. The University Hospital is financed primarily through patient service charges.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Authority provides financing for both public and private entities in the State. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA ENVIRONMENTAL FINANCE AUTHORITY

2809 N.W. Expressway, Suite 485, Oklahoma City, Oklahoma 73112

The Authority provides financing necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA HOUSING FINANCE AGENCY

1140 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116

The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TURNPIKE AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73136

The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 409, Vinita, Oklahoma 74301

The Authority controls the waters of the Grand River system to generate water power and electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083

The Authority provides a means for the municipal electric systems in the State to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Assets						
Current Assets						
Cash/Cash Equivalents	$ 786	$ 108	$ 1,224	$ 4,100	$ 760	$ 38,778
Investments	9,916	0	720,992	189,797	69,352	0
Securities Lending Investments	0	0	211,323	36,665	0	0
Accounts Receivable	35	0	32,603	13,602	0	31,303
Interest and Investment Revenue Receivable	495	0	8,020	1,794	4,262	0
Federal Grants Receivable	0	0	0	0	0	1,008
Other Receivables	0	0	0	218	0	0
Notes Receivable	1,827	0	0	0	0	0
Due from Component Units	0	0	1,075	0	0	559
Due from Primary Government	0	0	1,429	14	0	138
Inventory	0	0	0	0	0	7,807
Prepaid Items	0	0	0	0	0	0
Other Current Assets	0	0	1,432	0	0	0
Total Current Assets	13,059	108	978,098	246,190	74,374	79,593
Restricted Assets						
Cash/Cash Equivalents	84	0	0	0	0	0
Investments	126	0	0	0	0	5,132
Long-Term Notes Receivable, Net	0	0	0	0	0	0
Other Restricted Assets	1	0	0	0	0	341
Total Restricted Assets	211	0	0	0	0	5,473
Other Assets						
Fixed Assets, Net	69	0	9,896	566	391	110,593
Long-Term Notes Receivable, Net	23,595	0	0	0	151,420	0
Long-Term Investments	26,317	0	0	0	0	0
Lease Payments Receivable	0	0	0	0	0	0
Other Noncurrent Assets	1,271	0	0	134	1,509	0
Total Other Assets	51,252	0	9,896	700	153,320	110,593
Total Assets	$ 64,522	$ 108	$ 987,994	$ 246,890	$ 227,694	$ 195,659

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
							1997	1996
$ 339	$ 3,771	$ 0	$ 17,839	$ 9,119	$ 5,878	$ 1,877	$ 84,579	$ 95,318
0	8,218	0	50,428	55,307	53,076	4,525	1,161,611	1,169,106
0	0	0	0	0	0	0	247,988	211,185
132	166	0	120	757	17,954	6,769	103,441	104,505
0	102	0	3,769	545	1,358	0	20,345	19,571
0	0	0	0	0	0	0	1,008	1,889
0	0	0	0	0	0	0	218	1,791
0	0	0	0	0	0	0	1,827	2,541
168	35	0	0	0	499	0	2,336	1,275
2	14	0	0	0	52	0	1,649	9,346
0	0	0	0	1,620	29,236	1,326	39,989	34,876
71	0	0	47	79	608	0	805	1,338
0	0	0	0	0	0	123	1,555	577
712	12,306	0	72,203	67,427	108,661	14,620	1,667,351	1,653,318
0	0	2,058	0	36,740	0	24,967	63,849	68,645
0	0	2,363	0	105,671	184,704	38,321	336,317	380,953
0	0	0	0	0	0	0	0	121,340
0	0	0	0	3,477	0	0	3,819	5,334
0	0	4,421	0	145,888	184,704	63,288	403,985	576,272
3,305	32	0	488	546,932	544,379	157,526	1,374,177	1,392,059
0	758	0	471,466	0	0	0	647,239	509,856
0	3,214	0	8,633	0	0	28,150	66,314	18,608
0	0	39,109	0	0	0	580	39,689	45,680
0	90	0	667	9,059	151,121	152,374	316,225	309,712
3,305	4,094	39,109	481,254	555,991	695,500	338,630	2,443,644	2,275,915
$ 4,017	$ 16,400	$ 43,530	$ 553,457	$ 769,306	$ 988,865	$ 416,538	$ 4,514,980	$ 4,505,505

(continued)

Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

(continued)	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Liabilities and Fund Equity						
Liabilities						
Current Liabilities						
Accounts Payable and Accrued Liabilities	$ 2	$ 0	$ 18,145	$ 11,334	$ 573	$ 15,788
Payable Under Securities Lending Agreement	0	0	211,323	36,665	0	0
Claims and Judgments	0	0	591,984	95,605	0	0
Interest Payable	917	0	0	0	1,878	0
Due to Component Units	17	0	127	9	0	846
Due to Primary Government	0	0	45	28	12	401
Deferred Revenue	250	0	40,037	0	0	0
Capital Leases	0	0	0	0	0	1,030
Compensated Absences	64	0	967	506	73	6,032
Notes Payable	0	0	0	0	0	0
General Obligation Bonds	400	0	0	0	0	0
Revenue Bonds	0	0	0	0	5,735	0
Other Current Liabilities	12	0	0	0	0	0
Total Current Liabilities	1,662	0	862,628	144,147	8,271	24,097
Other Liabilities						
Due to Primary Government	0	0	0	0	0	0
Capital Leases	0	0	0	0	0	3,291
Notes Payable	0	0	0	0	40,900	0
General Obligation Bonds	61,673	0	0	0	0	0
Revenue Bonds	0	0	0	0	141,670	0
Other Noncurrent Liabilities	56	0	0	0	0	194
Total Other Liabilities	61,729	0	0	0	182,570	3,485
Total Liabilities	63,391	0	862,628	144,147	190,841	27,582
Fund Equity						
Retained Earnings						
Reserved						
Debt Service	0	0	0	0	0	0
Unreserved	1,131	108	96,908	102,743	36,853	168,077
Total Retained Earnings	1,131	108	96,908	102,743	36,853	168,077
Net Unrealized Gain on Securities	0	0	28,458	0	0	0
Total Fund Equity	1,131	108	125,366	102,743	36,853	168,077
Total Liabilities and Fund Equity	$ 64,522	$ 108	$ 987,994	$ 246,890	$ 227,694	$ 195,659

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
							1997	1996
$ 125	$ 69	$ 0	$ 1,295	$ 361	$ 9,162	$ 4,871	$ 61,725	$ 60,578
0	0	0	0	0	0	0	247,988	$ 211,185
0	0	0	0	0	0	0	687,589	715,344
0	0	312	5,979	19,814	4,750	10,674	44,324	44,862
34	0	0	0	48	65	499	1,645	1,722
11	0	0	0	935	422	20	1,874	2,067
0	16	0	0	7,490	0	0	47,793	64,419
0	0	0	0	0	1,436	0	2,466	2,813
41	0	0	254	1,032	1,897	99	10,965	10,796
153	0	0	0	0	0	0	153	30,409
0	0	0	0	0	0	0	400	3,040
0	0	1,030	5,530	12,025	38,895	4,465	67,680	79,354
0	0	0	0	1,656	0	0	1,668	1,584
364	85	1,342	13,058	43,361	56,627	20,628	1,176,270	1,228,173
0	0	0	0	42,150	0	0	42,150	40,137
0	0	0	0	0	0	0	3,291	4,321
3,245	0	0	0	0	0	0	44,145	31,317
0	0	0	0	0	0	0	61,673	50,000
0	9,999	42,114	507,084	615,777	879,407	371,431	2,567,482	2,545,430
0	3,423	0	2,505	0	24,869	10,458	41,505	42,313
3,245	13,422	42,114	509,589	657,927	904,276	381,889	2,760,246	2,713,518
3,609	13,507	43,456	522,647	701,288	960,903	402,517	3,936,516	3,941,691
0	0	0	15,711	0	0	0	15,711	13,715
408	2,893	74	15,099	68,018	27,198	14,021	533,531	514,196
408	2,893	74	30,810	68,018	27,198	14,021	549,242	527,911
0	0	0	0	0	764	0	29,222	35,903
408	2,893	74	30,810	68,018	27,962	14,021	578,464	563,814
$ 4,017	$ 16,400	$ 43,530	$ 553,457	$ 769,306	$ 988,865	$ 416,538	$ 4,514,980	$ 4,505,505

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Operating Revenues						
Sales and Services	$ 0	$ 822	$ 205,339	$ 248,412	$ 0	$ 158,237
Interest Revenue	4,347	2	0	0	11,948	0
Other	88	0	100	0	0	7,404
Total Operating Revenues	4,435	824	205,439	248,412	11,948	165,641
Operating Expenses						
Operations and Maintenance of Facilities	17	0	0	0	0	126,039
Losses and Loss Expense	0	0	160,053	0	0	21,750
Administrative and General	655	175	21,323	20,313	2,401	43,912
Interest Expense	3,613	0	0	0	7,892	315
Depreciation Expense	63	0	1,921	164	369	13,329
Benefit Payments and Refunds	0	541	0	297,499	0	0
Total Operating Expenses	4,348	716	183,297	317,976	10,662	205,345
Operating Income (Loss)	87	108	22,142	(69,564)	1,286	(39,704)
Nonoperating Revenues (Expenses)						
Interest and Investment Revenue	0	0	64,991	33,603	2,425	1,665
Other Nonoperating Revenues	67	0	0	0	0	356
Interest Expense	0	0	0	0	0	0
Amortization of Losses and Discounts	0	0	0	0	0	0
Other Nonoperating Expenses	(65)	0	(10,742)	(2,763)	0	(226)
Total Nonoperating Revenues (Expenses)	2	0	54,249	30,840	2,425	1,795
Income (Loss) Before Operating Transfers	89	108	76,391	(38,724)	3,711	(37,909)
Operating Transfers:						
From Primary Government	0	0	0	0	0	29,360
To Primary Government	0	0	0	(31,500)	0	0
Costs to be Recovered from Future Revenues	0	0	0	0	0	0
Net Income (Loss)	89	108	76,391	(70,224)	3,711	(8,549)
Retained Earnings - Beginning of Year	1,042	0	20,517	172,967	33,142	176,626
Retained Earnings - End of Year	$ 1,131	$ 108	$ 96,908	$ 102,743	$ 36,853	$ 168,077

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
							1997	1996
$ 3,448	$ 420	$ 2,405	$ 0	$ 112,050	$ 172,786	$ 76,990	$ 980,909	$ 1,033,200
0	0	254	39,070	0	0	0	55,621	55,059
0	295	12	5,237	0	435	0	13,571	13,089
3,448	715	2,671	44,307	112,050	173,221	76,990	1,050,101	1,101,348
2,659	0	0	3,802	30,042	82,171	55,855	300,585	279,066
0	0	0	0	0	0	0	181,803	282,165
425	523	18	4,518	3,118	10,883	3,509	111,773	112,433
0	486	2,656	39,167	0	0	0	54,129	54,419
178	28	0	100	32,139	25,480	6,273	80,044	83,104
0	0	0	0	0	0	0	298,040	253,208
3,262	1,037	2,674	47,587	65,299	118,534	65,637	1,026,374	1,064,395
186	(322)	(3)	(3,280)	46,751	54,687	11,353	23,727	36,953
0	627	3	6,301	10,713	15,451	5,850	141,629	124,328
0	0	0	0	821	169	0	1,413	4,186
0	0	0	0	(42,018)	(57,908)	(18,467)	(118,393)	(121,746)
0	0	0	0	0	(14,216)	(3,429)	(17,645)	(17,891)
0	0	0	(9)	0	0	(85)	(13,890)	(7,877)
0	627	3	6,292	(30,484)	(56,504)	(16,131)	(6,886)	(19,000)
186	305	0	3,012	16,267	(1,817)	(4,778)	16,841	17,953
0	0	0	0	28,803	0	0	58,163	54,082
0	0	0	0	(28,803)	0	0	(60,303)	(27,505)
0	0	0	0	0	(215)	6,845	6,630	9,124
186	305	0	3,012	16,267	(2,032)	2,067	21,331	53,654
222	2,588	74	27,798	51,751	29,230	11,954	527,911	474,257
$ 408	$ 2,893	$ 74	$ 30,810	$ 68,018	$ 27,198	$ 14,021	$ 549,242	$ 527,911

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Cash Flows from Operating Activities						
Operating Income (Loss)	$ 87	$ 108	$ 22,142	$ (69,564)	$ 1,286	$ (39,704)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	63	0	1,921	164	369	13,329
Amortization (Accretion) and Other Noncash Expenses	(199)	0	6,196	0	0	0
Other	0	0	0	0	0	133
Decrease (Increase) in Assets						
Accounts Receivable	9	0	2,744	(445)	0	(2,580)
Interest and Investment Revenue Receivable	(155)	0	11	0	(1,660)	0
Interfund Receivable	0	0	0	0	0	875
Inventory	0	0	0	0	0	(2,394)
Prepaid Items	0	0	0	0	0	0
Long-Term Notes Receivable	0	0	0	0	(23,569)	0
Other Current Assets	0	0	(67)	0	0	0
Other Noncurrent Assets	0	0	0	(128)	0	0
Increase (Decrease) in Liabilities						
Accounts Payable and Accrued Liabilities	(5)	0	(3,771)	1,490	314	436
Claims and Judgments	0	0	(61,754)	34,000	0	0
Interest Payable	274	0	0	0	97	0
Deferred Revenue	0	0	(17,435)	0	0	0
Other Current Liabilities	29	0	0	0	0	0
Due to Primary Government	0	0	0	0	0	0
Other Noncurrent Liabilities	0	0	0	0	0	0
Net Cash Provided (Used) by Operating Activities	103	108	(50,013)	(34,483)	(23,163)	(29,905)
Cash Flows from Noncapital Financing Activities						
Proceeds from Bonds and Notes	12,110	0	0	0	77,785	0
Contributed Capital from Non-State Sources	0	0	0	0	0	0
Operating Transfers:						
From Primary Government	0	0	0	0	0	29,360
To Primary Government	0	0	0	(31,500)	0	0
Principal Paid on Bonds and Notes	(3,015)	0	0	0	(24,205)	0
Other Noncapital Financing Activity	0	0	0	0	(759)	0
Net Cash Provided (Used) by Noncapital Financing Activities	$ 9,095	$ 0	$ 0	$ (31,500)	$ 52,821	$ 29,360

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
							1997	1996
$ 186	$ (322)	$ (3)	$ (3,280)	$ 46,751	$ 54,687	$ 11,353	$ 23,727	$ 36,953
178	28	0	100	32,139	25,480	6,273	80,044	83,104
0	0	(2,367)	(177)	0	0	2,071	5,524	4,120
0	0	0	0	821	0	0	954	566
(59)	(47)	0	37	(116)	(2,717)	(1,219)	(4,393)	2,494
0	0	12	294	0	0	0	(1,498)	(17,609)
0	0	0	0	0	0	0	875	4,047
0	0	0	0	1,196	(4,609)	693	(5,114)	(2,064)
(69)	3	0	9	4	136	0	83	197
0	0	0	4,731	0	0	0	(18,838)	2,553
0	0	0	0	0	0	454	387	0
0	0	3,976	0	593	0	0	4,441	3,652
(310)	(2)	0	1,156	(3,891)	2,723	1,186	(674)	(1,499)
0	0	0	0	0	0	0	(27,754)	29,974
0	0	(15)	(302)	0	0	0	54	(480)
0	0	0	0	807	0	0	(16,628)	(14,849)
0	0	0	0	0	0	0	29	5
0	0	0	0	1,319	0	0	1,319	0
0	4	0	(2,590)	76	(3)	2,100	(413)	2,850
(74)	(336)	1,603	(22)	79,699	75,697	22,911	42,125	134,014
0	0	0	87,900	0	0	0	177,795	165,990
0	0	0	0	0	0	0	0	16
0	0	0	0	28,803	0	0	58,163	54,082
0	0	0	0	(28,803)	0	0	(60,303)	(27,505)
0	0	(1,010)	(124,639)	0	0	0	(152,869)	(135,218)
0	0	0	0	0	0	0	(759)	(303)
$ 0	$ 0	$ (1,010)	$ (36,739)	$ 0	$ 0	$ 0	$ 22,027	$ 57,062

(continued)

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

(continued)

	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	University Hospitals Authority
Cash Flows from Capital and Related Financing Activities						
Proceeds from Bonds and Notes Payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Payments for Acquisition of Fixed Assets	(16)	0	(1,786)	(178)	(224)	(2,745)
Principal Paid on Bonds, Notes, and Capital Leases	0	0	0	0	0	(1,247)
Interest Paid on Bonds, Notes, and Capital Leases	0	0	0	0	0	0
Increase in Payable Under Securities Lending Agreement	0	0	55,345	(18,542)	0	0
Other Capital and Related Financing Activity	0	0	13	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(16)	0	53,572	(18,720)	(224)	(3,992)
Cash Flows from Investing Activities						
Interest and Investment Revenue	0	0	49,677	10,764	2,297	1,665
Fees Paid Under Security Lending Agreement	0	0	(10,743)	0	0	0
Increase in Security Lending Investment Pool	0	0	(55,345)	18,542	0	0
Proceeds from Sale and Maturity of Investments	42,155	0	842,334	153,921	111,868	2,128
Principal Received from Notes Receivable	5,090	0	0	0	0	0
Payments to Purchase Investments	(55,515)	0	(828,629)	(104,120)	(143,485)	0
Payments to Issue Notes Receivable	(255)	0	0	0	0	0
Net Cash Provided (Used) by Investing Activities	(8,525)	0	(2,706)	79,107	(29,320)	3,793
Net Increase (Decrease) in Cash/Cash Equivalents	657	108	853	(5,596)	114	(744)
Cash/Cash Equivalents - Beginning of Year	213	0	371	9,591	646	39,522
Cash/Cash Equivalents - Fiduciary Activities	0	0	0	105	0	0
Cash/Cash Equivalents - End of Year	$ 870	$ 108	$ 1,224	$ 4,100	$ 760	$ 38,778

Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Environmental Finance Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Total	
							1997	1996
$ 665	$ 9,999	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,664	$ 178,212
(662)	(15)	0	(376)	(41,935)	(4,077)	(2,344)	(54,358)	(67,499)
(118)	0	0	0	(11,465)	(34,920)	(4,245)	(51,995)	(226,665)
0	0	0	0	(39,907)	(58,078)	(21,483)	(119,468)	(120,488)
0	0	0	0	0	0	0	36,803	134,807
2	0	0	0	0	169	0	184	249
(113)	9,984	0	(376)	(93,307)	(96,906)	(28,072)	(178,170)	(101,384)
0	577	3	6,301	10,456	15,038	5,287	102,065	90,763
0	0	0	0	0	0	0	(10,743)	0
0	0	0	0	0	0	0	(36,803)	(134,807)
0	1,210	2,218	150,336	99,295	126,883	83,198	1,615,546	1,246,001
0	95	0	0	0	0	28	5,213	6,046
0	(8,215)	0	(123,475)	(113,535)	(125,316)	(70,937)	(1,573,227)	(1,280,917)
0	(498)	(2,312)	0	0	0	(608)	(3,673)	(3,118)
0	(6,831)	(91)	33,162	(3,784)	16,605	16,968	98,378	(76,032)
(187)	2,817	502	(3,975)	(17,392)	(4,604)	11,807	(15,640)	13,660
526	954	1,556	21,814	63,251	10,482	15,037	163,963	150,303
0	0	0	0	0	0	0	105	0
$ 339	$ 3,771	$ 2,058	$ 17,839	$ 45,859	$ 5,878	$ 26,844	$ 148,428	$ 163,963

(continued)

Combining Statement of Cash Flows
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 1997
(expressed in thousands)
(continued)

	University Hospitals Authority
Noncash Capital and Related Financing Activities	
Donated Equipment	$ 120
Accounts Payable Incurred for Equipment	303

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COMPONENT UNIT – HIGHER EDUCATION FUNDS

COMBINING FINANCIAL STATEMENTS

The Higher Education Component Unit is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The System includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

University of Oklahoma
Oklahoma State University

OTHER FOUR YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES

Carl Albert Junior College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Western Oklahoma State College
Tulsa Community College

Each institution which is a member of the Oklahoma State System of Higher Education is governed by a Board of Regents (the "System"). The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System.

Ardmore Higher Education Program and **McCurtain County Higher Education Program** were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and **Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts.

Combining Balance Sheet
Component Unit - Higher Education Funds
June 30, 1997
(with comparative totals for June 30, 1996)
(expressed in thousands)

	Current Funds		
	Unrestricted	Restricted	Loan Funds
Assets			
Cash/Cash Equivalents	$ 223,053	$ 49,036	$ 3,308
Investments	109,348	20,582	65
Accounts Receivable	50,319	42,991	388
Interest and Investment Revenue Receivable	1,226	69	298
Federal Grants Receivable	18	1,101	0
Notes and Loans Receivable	0	0	42,512
Due from Other Funds	55,778	4,369	3,122
Due from Component Units	4,597	0	0
Due from Primary Government	5,869	0	0
Inventory	20,087	0	0
Prepaid Items	5,194	1	0
Fixed Assets, Net	0	0	0
Other Assets	1,090	69	13
Total Assets	$ 476,579	$ 118,218	$ 49,706
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	$ 64,200	$ 8,460	$ 276
Interest Payable	0	0	0
Due to Other Funds	34,715	23,090	1
Due to Component Units	3,229	0	0
Due to Primary Government	272	0	0
Due to Others	0	0	0
Deferred Revenue	75,323	15,448	0
Capital Leases	0	0	0
Compensated Absences	36,514	2,994	0
Notes Payable	824	0	0
General Obligation Bonds	0	0	0
Revenue Bonds	0	0	0
Other Liabilities	63	2,211	0
Total Liabilities	215,140	52,203	277
Fund Balances			
Unrestricted	261,439	0	0
Restricted	0	66,015	49,429
Unexpended Plant Funds	0	0	0
Renewals and Replacements	0	0	0
Retirement of Indebtedness	0	0	0
Investment in Fixed Assets	0	0	0
Total Fund Balances	261,439	66,015	49,429
Total Liabilities and Fund Balances	$ 476,579	$ 118,218	$ 49,706

Endowment Funds	Plant Funds	Agency Funds	Total 1997	Total 1996
$ 10,176	$ 96,046	$ 4,952	$ 386,571	$ 344,248
117,879	45,089	1,735	294,698	279,216
978	450	177	95,303	92,733
375	741	0	2,709	3,010
0	296	0	1,415	897
0	0	0	42,512	42,791
1,440	455	11,948	77,112	59,937
0	0	0	4,597	1,050
0	0	0	5,869	5,088
0	0	0	20,087	18,793
0	682	0	5,877	4,432
0	1,870,992	0	1,870,992	1,704,734
8	2,144	15	3,339	1,864
$ 130,856	$ 2,016,895	$ 18,827	$ 2,811,081	$ 2,558,793
$ 22	$ 11,023	$ 84	$ 84,065	$ 57,382
0	2,928	0	2,928	3,120
17,981	2,309	176	78,272	59,937
0	0	0	3,229	590
0	0	0	272	167
0	0	18,567	18,567	15,144
0	188	0	90,959	37,860
0	18,455	0	18,455	9,873
0	0	0	39,508	38,898
0	10,087	0	10,911	1,540
0	6,425	0	6,425	7,700
0	165,067	0	165,067	160,071
12,561	157	0	14,992	34,485
30,564	216,639	18,827	533,650	426,767
0	0	0	261,439	246,781
100,292	0	0	215,736	196,122
0	81,924	0	81,924	84,509
0	1,752	0	1,752	2,985
0	21,992	0	21,992	23,225
0	1,694,588	0	1,694,588	1,578,404
100,292	1,800,256	0	2,277,431	2,132,026
$ 130,856	$ 2,016,895	$ 18,827	$ 2,811,081	$ 2,558,793

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STATISTICAL SECTION

STATISTICAL SECTION
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CASH RECEIPTS AND DISBURSEMENTS

(For all fund types combined)

by Category
For the Fiscal Years Ended June 30, 1988 through June 30, 1997

	1997	1996	1995	1994
Cash Receipts by Source:				
Taxes	$ 4,951,517,415	$ 4,533,832,681	$ 4,292,825,694	$ 4,171,399,330
Licenses, Permits, and Fees	144,622,951	126,746,123	125,546,800	114,190,748
Fines, Forfeits, and Penalties	9,603,493	9,712,974	12,922,896	12,713,597
Income from Money and Property	218,405,052	200,299,903	189,470,710	160,427,452
Grants, Refunds, and Reimbursements	2,598,674,805	2,664,011,649	2,342,091,497	2,230,459,216
Higher Education	142,535,049	163,733,815	150,907,027	155,495,049
Sales and Services	405,156,027	349,726,346	353,614,351	350,148,435
Non-Revenue Receipts	414,275,218	428,531,083	600,562,290	664,277,305
Total Collections	$ 8,884,790,010	$ 8,476,594,574	$ 8,067,941,265	$ 7,859,111,132
Disbursements by Function of Government:				
Education	$ 3,768,208,810	$ 3,479,049,093	$ 3,363,972,223	$ 3,243,011,505
General Government	285,182,151	258,065,326	232,779,824	217,894,423
Health Services	335,120,001	313,345,235	295,676,766	285,088,005
Legal and Judiciary	118,916,855	107,889,849	103,062,230	98,207,598
Museums	7,798,223	8,029,357	7,103,208	7,787,539
Natural Resources	191,578,397	174,284,377	165,215,892	145,877,414
Public Safety and Defense	473,378,027	428,385,545	394,732,689	376,683,833
Regulatory Services	102,733,288	99,065,119	94,526,541	93,424,312
Social Services	2,485,060,196	2,447,007,338	2,316,200,744	2,219,811,291
Transportation	774,131,933	776,979,475	680,440,719	649,409,416
Other Local Apportionments	40,524,674	39,104,818	38,215,192	38,434,483
Sinking Fund Payments on Bonded Debt	49,468,807	42,485,191	48,670,759	47,876,004
Total Disbursements	$ 8,632,101,362	$ 8,173,690,723	$ 7,740,596,787	$ 7,423,505,823

Prepared on a cash basis to aid in budgetary analysis.
For years prior to FY 97, cash basis numbers did not include amounts expended from Agency Special Accounts. These monies were not subject to the State's regular budgeting and expenditure processes.

1993	1992	1991	1990	1989	1988
$ 4,004,262,875	$ 3,767,112,946	$ 3,732,786,561	$ 3,402,334,194	$ 3,271,621,248	$ 3,076,626,386
113,409,593	111,042,458	100,840,990	97,319,103	71,901,507	69,981,362
11,975,799	6,980,944	6,216,510	6,357,738	4,594,677	4,194,923
184,869,454	218,903,029	234,014,771	206,658,787	194,064,413	311,809,310
2,149,710,999	2,144,771,088	1,900,189,845	1,792,878,154	1,836,159,992	1,533,990,868
132,592,295	111,400,434	130,120,595	135,360,114	116,253,845	95,090,396
396,832,644	383,543,021	390,263,499	261,543,572	257,067,619	236,706,735
763,837,201	500,503,475	432,251,486	371,527,999	320,755,068	170,319,444
$ 7,757,490,860	$ 7,244,257,395	$ 6,926,684,257	$ 6,273,979,661	$ 6,072,418,369	$ 5,498,719,424
$ 3,094,920,009	$ 2,934,689,937	$ 2,759,703,679	$ 2,427,560,944	$ 2,317,485,881	$ 2,089,671,253
230,095,993	222,111,235	229,921,339	212,881,881	245,470,408	215,286,547
297,114,426	295,806,883	260,821,678	249,065,028	221,851,629	197,251,821
96,169,096	89,485,986	78,796,103	71,645,627	64,349,921	58,278,344
7,285,465	7,076,222	5,963,354	5,315,985	4,803,043	4,548,471
131,516,482	126,076,211	109,614,320	102,106,584	93,364,416	87,111,726
353,878,439	351,705,324	342,336,219	265,849,343	247,220,558	220,239,334
85,222,082	74,985,759	83,769,888	63,973,681	62,004,860	78,806,091
2,262,275,215	2,345,644,915	2,227,481,279	1,845,726,015	1,680,023,498	1,567,836,371
634,285,372	641,074,879	635,104,373	645,154,749	644,184,846	623,666,821
33,679,675	15,680,219	13,037,225	10,832,876	14,836,687	9,896,998
41,946,165	42,543,878	21,796,136	19,186,264	18,806,600	21,272,670
$ 7,268,388,419	$ 7,146,881,448	$ 6,768,345,593	$ 5,919,298,977	$ 5,614,402,347	$ 5,173,866,447

TAX COLLECTIONS

For the Fiscal Years Ended June 30, 1988 through June 30, 1997

Taxes	1997	1996	1995	1994
Aircraft Excise Tax	$ 2,453,179	$ 1,681,776	$ 1,853,999	$ 1,402,816
Alcoholic Beverage Excise Tax	20,987,501	20,845,359	20,211,389	21,133,027
Alternative Fuel Surcharge	166,328	182,018	133,284	198,749
Beverage Tax	22,588,694	22,978,605	22,461,075	22,827,056
Bingo Tax	12,289,463	12,359,983	11,816,705	10,883,377
Charity Games Tax	1,138,144	1,196,451	1,039,031	1,515,757
Cigarette Tax	59,748,356	60,527,991	58,332,155	58,251,171
City Use Tax - Collect/Deposit	377,102	346,360	295,570	251,529
Coin Operated Device Decal	2,436,631	3,814,318	3,404,098	3,972,441
Conservation Excise Tax	-	75,193	873,542	501,863
Diesel Fuel Excise Tax	66,156,283	76,058,267	62,902,742	56,987,746
Documentary Stamp Tax	6,885,045	6,604,360	5,961,293	6,281,264
Franchise Tax	37,983,444	36,264,543	36,721,223	32,817,309
Freight Car Tax	1,051,553	970,565	1,515,736	1,135,505
Fuels Excise Tax	539,333	1,494,378	1,460,982	1,456,769
Gasoline Excise Tax	280,344,427	263,258,712	267,138,186	268,605,663
Gross Production Tax - Oil and Gas	398,743,724	315,549,773	301,524,689	367,736,133
Income Tax (Corporate and Individual)	1,918,772,165	1,700,792,804	1,592,915,946	1,490,180,078
Inheritance and Estate Tax	80,513,845	67,881,873	68,789,242	58,052,250
Insurance Premium Tax	113,819,384	108,625,507	103,957,280	105,344,076
Mixed Beverage Gross Receipts Tax	12,618,051	12,018,242	11,395,625	11,338,883
Occupational Health and Safety Tax	1,797,088	1,895,164	1,819,752	1,811,543
Pari-Mutuel Taxes	3,744,615	3,312,299	3,151,651	3,600,525
Pari-Mutuel Exotic Wager	-	-	-	3,535
Pari-Mutuel - Other Tax	27,753	66,363	129,878	161,939
Petroleum Excise Tax	5,306,110	4,279,030	4,072,789	5,086,869
Rural Electric Co-operative Tax	13,758,308	13,401,177	13,154,486	13,404,328
Sales Tax	1,193,727,537	1,135,594,213	1,076,970,533	1,033,687,832
Sales Tax - City	8,071,662	7,792,195	7,360,330	6,848,307
Sales Tax - County	771,848	615,674	632,306	297,025
Self-Insurance Premium Tax	-	-	88,739	148,189
Special Fuel Decal	497,380	558,653	594,524	650,516
Special Fuel Use Tax	94,774	92,598	136,419	222,505
Tag Agent Remittance Tax	541,334,368	516,519,709	490,213,416	472,071,427
Telephone Surcharge	1,006,694	997,902	951,735	930,015
Tobacco Products Tax	11,198,865	11,256,079	11,303,560	10,622,404
Tourism Gross Receipt Tax	3,466,923	3,077,388	2,978,677	2,638,751
Tribal Compact in Lieu of Tax Payments	6,888,623	6,172,567	4,829,309	3,790,436
Unclaimed Property Tax	4,465,704	10,116,730	5,760,279	6,901,353
Unclassified Tax Receipts	-	-	98,332	75,339
Use Tax	78,877,952	66,388,592	59,630,927	51,880,903
Vehicle Revenue Tax Stamps	45,005	44,800	41,592	41,555
Workers' Compensation Awards - Assessments	22,677,854	23,386,339	20,129,038	21,160,528
Workers' Compensation Insurance Premium Tax	6,037,222	7,245,625	7,042,702	6,880,624
Other Taxes	8,108,478	7,492,506	7,030,928	7,609,420
Total	$ 4,951,517,415	$ 4,533,832,681	$ 4,292,825,694	$ 4,171,399,330

Prepared on a cash basis to aid in budgetary analysis.

1993	1992	1991	1990	1989	1988
$ 1,630,073	$ 1,778,536	$ 1,533,394	$ 2,619,952	$ 2,287,367	$ 1,015,552
20,947,382	22,147,248	20,917,099	20,408,760	21,536,591	22,214,581
170,892	98,846	-	-	-	-
21,810,405	21,487,488	21,503,791	20,561,344	20,008,678	19,919,603
5,026,496	-	-	-	-	-
1,146,840	-	-	-	-	-
60,456,532	60,339,722	61,058,310	65,306,944	71,983,400	77,888,675
207,169	196,043	161,228	146,516	110,031	100,280
4,071,043	3,377,121	4,518,184	3,315,589	3,871,644	724,381
844,262	2,687,396	1,967,459	2,810,606	2,708,157	3,656,930
53,640,018	51,035,710	49,756,094	49,793,751	52,348,344	49,494,439
5,032,770	4,485,783	4,256,584	4,523,067	4,470,220	5,040,471
34,341,621	33,900,715	31,387,096	29,880,117	31,229,430	28,931,715
853,410	808,281	819,329	910,183	924,943	1,126,371
1,379,576	1,344,661	1,359,443	1,400,990	1,493,381	1,414,686
258,493,935	249,822,104	246,342,350	255,570,383	255,760,913	258,242,792
404,905,673	342,177,274	404,143,185	384,510,644	362,252,512	376,687,550
1,453,295,598	1,369,734,220	1,357,169,347	1,117,562,159	1,070,523,781	900,283,045
50,943,472	46,962,269	39,465,754	67,189,006	36,016,804	39,851,538
92,916,758	91,363,715	85,450,248	85,439,519	130,254,455	124,877,675
11,176,891	11,345,355	11,297,842	11,274,726	11,033,139	11,006,317
1,601,694	1,487,888	1,216,596	1,019,501	954,296	967,327
3,845,857	4,282,925	5,231,046	5,081,419	4,095,103	1,016,656
66,612	2,189,171	2,340,059	2,313,262	1,626,526	483,115
160,441	775,809	773,269	935,992	617,371	124,095
5,409,358	4,641,228	5,318,067	4,663,049	4,390,949	4,556,465
12,927,846	13,195,104	13,041,716	12,531,764	12,381,751	12,026,972
957,681,580	909,604,940	909,774,294	795,599,133	737,982,515	719,501,500
6,265,328	6,107,216	5,836,086	5,525,657	5,258,013	5,069,927
236,598	224,793	170,159	150,969	332,159	328,241
139,114	125,936	110,072	89,309	77,983	55,840
665,844	567,501	555,056	519,208	548,963	580,677
473,876	556,052	589,029	615,611	581,359	641,682
428,320,724	408,854,360	389,604,571	375,972,305	359,026,573	346,570,940
878,254	77,478	61,631	850,367	839,508	834,843
9,664,544	9,010,579	8,604,570	8,231,987	7,773,135	7,588,428
2,505,566	2,455,025	2,245,474	2,171,809	1,985,331	1,073,877
1,787,138	-	-	-	-	-
7,659,463	9,073,096	4,399,862	2,750,647	4,014,133	3,247,327
28,477	48,838	59,924	9,825	42,736	897,732
49,323,050	48,267,881	46,940,425	42,324,689	34,155,843	31,916,562
38,138	36,187	46,552	34,364	34,605	32,047
17,779,633	11,626,131	9,452,730	8,084,668	7,586,525	7,681,032
6,550,637	5,396,592	4,352,553	4,230,596	3,731,544	3,625,584
6,962,261	7,415,703	8,198,857	4,678,214	4,137,096	5,029,881
$ 4,004,262,849	$ 3,761,112,920	$ 3,762,029,335	$ 3,401,608,601	$ 3,270,987,807	$ 3,076,327,351

GROSS SALES TAX BY INDUSTRY

For the Fiscal Year Ended June 30, 1997

Industry	Gross Sales Tax
General Merchandise Stores	204,450,788
Food Stores	188,315,922
Eating and Drinking Establishments	114,435,001
Miscellaneous Retail Stores	96,038,178
Wholesale Trade-Durable Goods	91,360,139
Furniture, Home Furnishings, and Equipment Stores	77,123,410
Communications	72,841,515
Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	73,565,115
Automotive Dealers and Gasoline Service Stations	45,950,186
Electric, Gas, and Sanitary Services	37,708,243
Business Services	36,551,572
Apparel and Accessory Stores	34,732,507
Wholesale Trade-Nondurable Goods	21,587,472
Hotels, Rooming Houses, Camps, and Other Lodging Places	17,899,531
Automotive Services	13,367,266
Amusement and Recreation Services, except Motion Pictures	9,141,768
Non-Classifiable Establishments	8,134,875
Personal Services	8,011,859
Stone, Clay, Glass, and Concrete Products	6,350,682
Electrical and Electronic Machinery, Equipment, and Supplies	6,146,932
Motion Pictures	5,520,502
Printing, Publishing, and Allied Industries	4,015,197
Machinery, except Electrical	3,444,778
Miscellaneous Repair Services	2,648,598
Fabricated Metal Products, except Machinery and Transportation Equipment	1,724,682
Construction-Special Trade Contractors	1,458,505
Membership Organizations	1,454,955
Oil and Gas Extraction	1,260,238
Educational Services	1,122,869
Lumber and Wood Products, except Furniture	841,420
Measuring, Analyzing, and Controlling Instruments	838,790
Health Services	831,187
Chemicals and Allied Products	704,045
Local and Suburban Transit and Interurban Highway Passenger Transportation	676,055
Petroleum Refining and Related Industries	650,833
Miscellaneous Manufacturing Industries	647,545
Food and Kindred Products	646,270
Agricultural Services	555,950
Transportation Equipment	507,394
Engineering, Architectural, and Surveying Services	417,755
Furniture and Fixtures	350,557
Other Industries	2,491,662
Total	$ 1,196,522,748

Source: Oklahoma Tax Commission

BANK DEPOSITS

for the Years 1987 through 1996

Year	# of Banks	$ Amount of Deposits
1996	332	29,934,157,000
1995	342	26,686,783,000
1994	350	27,406,069,000
1993	371	26,881,835,000
1992	394	26,591,862,000
1991	411	24,745,757,000
1990	419	23,598,333,000
1989	430	23,014,286,000
1988	465	23,036,009,000
1987	487	23,651,171,000

Source: Federal Reserve Bank of Kansas City

ASSESSED VALUATIONS

For the Years 1988 through 1997

	1997	1996	1995	1994
Real Estate and Improvements	$ 9,134,059,265	$ 8,738,449,049	$ 8,395,607,977	$ 8,037,465,631
Personal Property Subject to Tax	2,301,719,971	2,086,267,080	2,057,628,937	2,028,445,909
Total Locally Assessed	11,435,779,236	10,824,716,129	10,453,236,914	10,065,911,540
Homestead Exemptions Allowed	694,938,232	691,944,964	689,302,818	685,897,647
Net Assessed Locally	10,740,841,004	10,132,771,165	9,763,934,096	9,380,013,893
Public Service Assessment	2,066,005,099	2,063,227,985	2,023,137,118	1,980,070,550
Net Assessed Valuation	$ 12,806,846,103	$ 12,195,999,150	$ 11,787,071,214	$ 11,360,084,443

Locally assessed property has been assessed at varying rates. This property is valued, assessed, and taxed locally. Public Service property is valued and assessed at a central state level, and taxed and collected at the local level. The rate of assessment varies by type of property.

Source: Oklahoma Tax Commission

NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT

Annual Average Number of Employees
For the Years 1987 through 1996

INDUSTRY GROUP	1996	1995	1994	1993
Wholesale and Retail Trade	318,500	312,400	300,900	289,600
Services	364,300	344,000	317,300	305,900
Manufacturing	173,600	170,700	171,100	168,600
Local Government	151,500	150,100	148,100	146,100
State Government	76,300	76,100	76,600	76,400
Transportation and Public Utilities	77,200	73,900	72,900	72,400
Finance, Insurance, and Real Estate	67,300	65,400	64,100	62,200
Federal Government	43,700	43,500	45,300	47,300
Mining	31,500	31,700	35,000	35,700
Construction	50,300	48,300	47,400	42,800
Totals	1,354,200	1,316,100	1,278,700	1,247,000

Source: Oklahoma Employment Security Commission - Research and Planning Division

1993	1992	1991	1990	1989	1988
$ 7,843,783,897	$ 7,742,345,977	$ 7,680,130,611	$ 7,690,654,189	$ 7,816,492,107	$ 7,623,203,694
2,014,749,962	1,991,659,840	1,921,683,561	1,812,267,835	1,787,889,265	1,716,774,988
9,858,533,859	9,734,005,817	9,601,814,172	9,502,922,024	9,604,381,372	9,339,978,682
682,717,943	681,931,910	710,235,908	715,210,089	719,857,032	717,189,569
9,175,815,916	9,052,073,907	8,891,578,264	8,787,711,935	8,884,524,340	8,622,789,113
1,868,033,971	1,835,701,692	1,905,964,059	1,904,133,857	1,904,198,506	1,908,965,655
$ 11,043,849,887	$ 10,887,775,599	$ 10,797,542,323	$ 10,691,845,792	$ 10,788,722,846	$ 10,531,754,768

1992	1991	1990	1989	1988	1987
286,200	285,300	280,500	276,100	273,300	270,400
293,100	279,800	272,900	263,600	246,700	232,600
163,800	168,900	168,800	164,400	161,400	156,800
142,300	135,900	132,800	132,700	128,100	124,700
78,000	76,900	75,600	72,600	69,200	67,800
70,600	70,400	68,700	65,600	63,700	63,200
60,700	60,900	60,300	58,800	58,700	59,800
49,800	49,600	50,800	51,900	51,200	52,900
37,500	41,900	43,300	42,200	44,600	46,000
39,800	38,800	39,600	36,100	35,200	34,500
1,221,800	1,208,400	1,193,300	1,164,000	1,132,100	1,108,700

STATE COLLEGES AND UNIVERSITIES - PUBLIC

~~Four Year Universities (Location)~~	Student Enrollment 1997
University of Oklahoma (Norman Campus, Health Sciences Center, Law Center, and Geological Survey)	30,046
Oklahoma State University (Stillwater Campus, School of Technical Training at Okmulgee, the College of Veterinary Medicine, the Oklahoma City Technical Institute, the Agricultural Experiment Station, the Agricultural Extension Division, and Oklahoma College of Osteopathic Medicine and Surgery)	32,774
University of Central Oklahoma (Edmond)	19,221
East Central University (Ada)	5,604
Northeastern State University (Tahlequah)	10,527
Northwestern Oklahoma State University (Alva)	2,487
Southeastern Oklahoma State University (Durant)	4,866
Southwestern Oklahoma State University (Weatherford and Sayre)	6,337
Cameron University (Lawton)	7,563
Langston University (Langston)	4,277
Oklahoma Panhandle State University (Goodwell)	1,768
Rogers University (Claremore and Tulsa)	4,501
University of Science and Arts of Oklahoma (Chickasha)	1,938
Total - Four Year Universities	131,909
~~Two Year Junior Colleges (Location)~~	
Carl Albert State College (Poteau)	2,817
Connors State College (Warner)	3,067
Eastern Oklahoma State College (Wilburton)	2,650
Redlands Community College (El Reno)	2,840
Murray State College (Tishomingo)	2,295
Northeastern Oklahoma A&M College (Miami)	3,162
Northern Oklahoma College (Tonkawa)	3,186
Oklahoma City Community College (Oklahoma City)	14,132
Rose State College (Midwest City)	12,040
Seminole State College (Seminole)	2,052
Tulsa Community College (Tulsa)	28,157
Western Oklahoma State College (Altus)	2,517
Total - Two Year Junior Colleges	78,915

Source: Oklahoma State Regents for Higher Education

STATE COLLEGES AND UNIVERSITIES - PRIVATE

Higher Education Institutions (Location)	Student Enrollment 1997
Bacone College (Muskogee)	527
Bartlesville Wesleyan College (Bartlesville)	713
Hillsdale Freewill Baptist College (Moore)	174
Mid-America Bible College (Oklahoma City)	586
National Education Center: Spartan School of Aeronautics (Tulsa)	1,500
Oklahoma Baptist University (Shawnee)	2,588
Oklahoma Christian University of Science and Arts (Oklahoma City)	1,692
Oklahoma City University (Oklahoma City)	5,849
Oral Roberts University (Tulsa)	3,359
Phillips University (Enid)	700
St. Gregory's College (Shawnee)	70
Southern Nazarene University (Bethany)	2,175
Southwestern College of Christian Ministries (Bethany)	160
University of Tulsa (Tulsa)	4,756
Totals	24,849

Source: Oklahoma State Regents for Higher Education

SCHOOL ENROLLMENTS

For the Years 1988 through 1997

Public School Enrollments:	1997	1996	1995	1994
Early Childhood	3,644	5,069	4,911	5,304
Kindergarten	55,037	52,150	49,839	47,698
Elementary School	269,928	273,429	274,994	278,076
Junior High School	132,568	130,208	127,750	124,610
Senior High School	172,962	167,359	161,933	157,291
Non-High School Districts (Grades 1-8)	18,035	17,883	17,473	17,538
Special Education (Ungraded)	3,367	3,279	3,224	2,808
Total	655,541	649,377	640,124	633,325
Higher Education:				
Public Institutions	210,824	216,400	223,279	224,829
Private Institutions	24,849	25,401	24,627	25,839
Total	235,673	241,801	247,906	250,668
Vocational-Technical Education:				
Secondary	130,856	122,271	120,481	107,894
Adult	273,022	248,094	222,384	191,261
Total	403,878	370,365	342,865	299,155

Sources: Department of Education, Regents for Higher Education, and Department of Vocational and Technical Education

ECONOMIC AND DEMOGRAPHIC ESTIMATES

For the Years 1987 through 1996

	1996	1995	1994	1993
Population	3,301,000	3,277,700	3,258,100	3,232,900
Labor Force	1,576,630	1,547,530	1,544,260	1,529,460
Total Employment	1,512,600	1,474,820	1,454,360	1,435,790
Oklahoma Unemployment Rate	4.10%	4.70%	5.80%	6.10%
U.S. Unemployment Rate	5.40%	5.60%	6.10%	6.80%
Oklahoma Per Capita Income	$19,350	$18,580	$17,880	$17,360
Oklahoma Per Capita Income Expressed As a Percentage of the U.S. Average	79.86%	80.06%	81.10%	81.79%

Sources: Oklahoma Employment Security Commission - Research and Planning Division and Office of State Finance - Economic and Fiscal Policy Research Division

1993	1992	1991	1990	1989	1988
4,765	4,034	3,075	-	-	-
48,041	48,469	49,121	49,727	50,920	52,037
282,749	278,772	277,626	271,554	262,553	259,075
118,516	119,495	117,259	113,604	108,369	107,227
150,405	142,837	144,459	147,282	151,096	157,539
17,259	17,575	17,347	18,167	18,455	18,170
2,817	2,246	2,647	3,942	14,378	13,690
624,552	613,428	611,534	604,276	605,771	607,738
238,244	228,718	218,601	216,290	220,719	218,389
25,433	27,336	28,836	23,894	24,569	25,506
263,677	256,054	247,437	240,184	245,288	243,895
102,852	96,275	91,039	82,763	84,215	83,022
191,137	218,072	300,533	296,091	266,503	249,997
293,989	314,347	391,572	378,854	350,718	333,019

1992	1991	1990	1989	1988	1987
3,206,200	3,167,700	3,145,585	3,150,300	3,167,100	3,210,100
1,520,840	1,499,930	1,513,830	1,523,000	1,524,000	1,563,000
1,433,460	1,399,170	1,427,880	1,438,000	1,422,000	1,448,000
5.70%	6.70%	5.70%	5.60%	6.70%	7.40%
7.40%	6.70%	5.50%	5.30%	5.50%	6.20%
$16,837	$16,064	$15,584	$14,187	$13,310	$12,507
81.81%	81.81%	81.41%	80.20%	80.13%	79.98%

MAJOR EMPLOYERS BY SIZE

Non-Government (Listed Alphabetically)
1997

5,001 OR MORE EMPLOYEES

AMR, Corp.
W. H. Braum, Inc.
Columbia HCA Healthcare
Integris Health
Wal-Mart Stores, Inc.

3,001 TO 5,000 EMPLOYEES

Dillard Department Stores
General Motors Corporation
SSM Healthcare of Oklahoma
The Hertz Corporation
Homeland Stores
Lucent Technologies
Phillips Petroleum Co.
Southwestern Bell Telephone Co.
St. John Medical Center, Inc.
The Williams Companies, Inc.

1,001 TO 3,000 EMPLOYEES

Albertson's
America On-Line
American Nursery Products, Inc.
Amity Care Corporation
Amoco Corporation
Arrow Trucking Co.
Avis Rent-A-Car System, Inc.
BOK Financial Group
Brinker International, Inc.
CMI Corporation
Central and South West
Cherokee Nation of Oklahoma
CITGO Petroleum Corp. (Cities Service)
Commercial Financial Services
Conoco, Inc.
Dayton Tire, Division of Bridgestone
Deaconess Hospital
Eateries, Inc.
First Data Resources, Inc.
Fleming Companies, Inc.
Flint Industries, Inc.
Food Brands America, Inc.
Fort Howard Paper Company
Fred Jones Manufacturing Co.
Goodyear Tire and Rubber Company
Hale-Halsell Co.
Halliburton Services
Helmerich & Payne, Inc.
Hillcrest Health Center, Inc.
Hillcrest Medical Center
Muskogee Regional Medical
Nordam
Norman Regional Hospital
Northrop Grumman Corporation
Oklahoma Gas & Electric Co.
OneOK, Inc.
On-Line Communication
Oklahoma City University
The Oklahoma Publishing Company
Oral Roberts University
Parker Drilling Company
J. C. Penney Co., Inc.
Prudential Insurance of America
QuikTrip Corporation
Remington Park, Inc.
Rockwell International Corporation
St. Anthony Hospital
Saint Francis Hospital
Seaboard Farms
Seagate Technology
Sears, Roebuck and Co.
Snappy Car Rental
Southwest Airlines Reservation Center
Southwest Cupid
State Farm Mutual Automobile Insurance
Sykes Enterprise
Target Stores
Thrifty Rent-a-Car System, Inc.
Tyson Foods, Inc.
The Uniroyal Goodrich Tire Co.

1,001 TO 3,000 EMPLOYEES (continued)

Horner Foods, Inc.	UNC Lear Siegler Management Services Corp
ITI Telemarketing	Unit Parts Co.
K-Mart Corporation	United Parcel Service of America, Inc.
Kerr-McGee Corporation	United Supermarkets of Oklahoma, Inc.
L.S.B. Industries, Inc.	Warren Petroleum Company
Liberty National Bancorp.	Warehouse Market
McDonald's Restaurants of Okla., Inc.	Weyerhaeuser Company
Mercruiser	Whirlpool Corp.
Mercy Health Center	Worldcom Network Services, Inc.
Midwest City Regional Hospital	Wrangler, Inc.
Montgomery Ward & Co., Inc.	York International Central Environmental Systems
Musket Corporation (Love's Country Store)	

500 TO 1000 EMPLOYEES
(Oklahoma-based Employers Only)

American Fidelity Group	Mazzio's Corporation, Inc.
Candid Color Systems/Glamour Shots	Oklahoma Baptist University
Charles Machine Works (Ditch Witch International)	Oklahoma Fixture Company
Crest Discount Foods, Inc.	Oklahoma Nursing Homes Ltd.
Dolese Bros. Co.	St. Mary's Hospital
Farm Fresh, Inc.	Sonic Industries, Inc.
Harold's Stores, Inc.	United Design Corporation
Jane Phillips Episcopal Hospital	United Video Satellite Group, Inc.
Lowrance Electronics, Inc.	Valley View Regional Hospital
Macklanburg-Duncan	Whitlock Packaging Corp
Mapco, Inc.	World Publishing Company

Source: Oklahoma Department of Commerce

NET GENERAL OBLIGATION BONDS AND NOTES PER CAPITA

For the Years 1991 through 1997
(amounts expressed in thousands with the exception of General Bonded Debt Per Capita)

Fiscal Year Ended June 30	Population	Total General Bonded Debt (1)	Debt Payable From Proprietary Component Units	Debt Payable From Higher Education Component Units	Net General Bonded Debt	General Bonded Debt Per Capita
1997	est. 3,301	$ 395,038	$ 62,073	$ 6,425	$ 326,540	$ 99.01
1996	est. 3,298	395,420	53,040	7,700	334,680	101.48
1995	3,278	404,715	55,085	5,150	344,480	105.09
1994	3,258	428,925	67,320	6,475	355,130	109.00
1993	3,233	340,745	81,030	-	259,715	80.33
1992	3,206	95,665	81,115	-	14,550	4.54
1991	3,168	96,345	72,660	-	23,685	7.48

(1) General Bonded Debt is the bonded debt expected to be repaid through general governmental resources.

Notes:

Comparable data for the fiscal years June 30, 1988 through June 30, 1990 is not available.

Assessed value data is not presented in this table because the State of Oklahoma does not receive property tax revenue.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

For the Years 1991 through 1997
(amounts expressed in thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1997	$ 8,115	$ 16,417	$ 24,532	$ 6,937,186	0.35%
1996	9,800	16,930	26,730	6,688,130	0.40%
1995	10,580	17,480	28,060	6,338,769	0.44%
1994	4,670	9,638	14,308	5,675,628	0.25%
1993	4,510	613	5,123	5,171,373	0.10%
1992	7,400	1,359	8,759	5,112,494	0.17%
1991	11,250	1,282	12,532	4,636,483	0.27%

General Governmental Expenditures include the General and Capital Projects Funds.

Comparable data for the fiscal years June 30, 1988 through June 30, 1990 is not available.

REVENUE BOND COVERAGE
ENTERPRISE FUND AND PROPRIETARY COMPONENT UNITS

(amounts expressed in thousands)

		Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirements	Debt Service Coverage
Enterprise Fund:						
Oklahoma Water Resources Board						
For the fiscal year ended June 30,	1997	$ 10,061	$ 777	$ 9,284	$ 15,508	0.60
	1996	10,091	746	9,345	11,218	0.83
	1995	12,577	835	11,742	60,160	0.20
	1994	11,471	1,423	10,048	12,075	0.83
	1993	9,483	493	8,990	9,981	0.90
	1992	9,306	697	8,609	12,227	0.70
	1991	10,176	573	9,603	16,790	0.57
Proprietary Component Units:						
Oklahoma Student Loan Authority						
For the fiscal year ended June 30,	1997	$ 14,373	$ 2,401	$ 11,972	$ 12,332	0.97
	1996	12,874	2,048	10,826	5,897	1.84
	1995	10,324	2,134	8,190	6,324	1.30
	1994	8,532	2,358	6,174	3,727	1.66
	1993	8,827	2,083	6,744	20,453	0.33
	1992	11,213	2,359	8,854	13,347	0.66
	1991	12,492	2,063	10,429	5,171	2.02
Oklahoma Environmental Finance Authority						
For the fiscal year ended June 30,	1997	$ 2,674	$ 18	$ 2,656	$ 3,685	0.72
	1996	2,732	12	2,720	3,713	0.73
	1995	2,800	13	2,787	3,514	0.79
	1994	2,868	12	2,856	3,782	0.76
	1993	3,220	38	3,182	7,343	0.43
	1992	3,236	13	3,223	4,580	0.70
Oklahoma Housing Finance Agency						
For the fiscal year ended September 30,	1996	$ 50,599	$ 8,330	$ 42,269	$ 60,771	0.70
	1995	52,149	7,846	44,303	45,074	0.98
	1994	53,810	8,342	45,468	53,105	0.86
	1993	67,008	10,171	56,837	71,806	0.79
Oklahoma Turnpike Authority						
For the fiscal year ended December 31,	1996	$ 122,501	$ 33,160	$ 89,341	$ 50,830	1.76
	1995	117,136	33,626	83,510	50,527	1.65
	1994	109,691	33,117	76,574	44,510	1.72
	1993	96,828	31,477	65,351	37,346	1.75
	1992	83,214	29,192	54,022	17,899	3.02
	1991	74,778	26,219	48,559	16,522	2.94
	1990	61,834	19,828	42,006	15,393	2.73
Grand River Dam Authority						
For the fiscal year ended December 31,	1996	$ 188,672	$ 93,054	$ 95,618	$ 92,828	1.03
	1995	181,018	83,616	97,402	92,223	1.06
	1994	180,751	84,315	96,436	90,266	1.07
	1993	175,242	76,799	98,443	101,726	0.97
	1992	161,046	72,542	88,504	95,436	0.93
	1991	159,599	82,935	76,664	95,562	0.80
	1990	158,403	75,114	83,289	82,761	1.01
Oklahoma Municipal Power Authority						
For the fiscal year ended December 31,	1996	$ 82,840	$ 45,948	$ 36,892	$ 22,932	1.61
	1995	72,988	39,617	33,371	22,983	1.45
	1994	74,931	43,872	31,059	22,203	1.40
	1993	70,922	44,392	26,530	18,397	1.44
	1992	68,194	42,497	25,697	17,861	1.44
	1991	71,217	45,104	26,113	18,223	1.43
	1990	72,700	46,746	25,954	17,313	1.50

(1) Gross revenues including interest and investment income
(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)

- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.
- Comparable data for the fiscal years June 30, 1988 through June 30, 1990 is not available.
- Upon implementation of GASB Statement 14, the Oklahoma Housing Finance Agency was included within the State's reporting entity. Comparable data prior to their inclusion is not available.

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Special Thanks To

Public Strategies Printing Services
JoAnne Wayne, Senior Account Manager, and Staff
Nicole LeWand, Writer/Account Manager, and Staff

Lazy E. Arena, Inc.
Heather M. Ruffin, Assistant Event Coordinator, for providing
pictures and information used in this report

International Professional Rodeo Association
Todd Newville, Editor of Pro Rodeo World, for providing
pictures and information used in this report

GENERAL INFORMATION

OKLAHOMA means "Land of the Red People" in the Choctaw language.

Admitted to Union (46th State)	1907
Capitol	Oklahoma City
1996 Population	3,301,000
Population per square mile	47.2
Counties	77

State Symbols

Nickname	Sooner State
Motto	Labor Omnia Vincit (Labor Conquers All Things)
Colors	Green and White
Flower	Mistletoe
Tree	Redbud
Bird	Scissor-tailed Flycatcher
Animal	American Buffalo
Fish	White Bass (Sand Bass)
Butterfly	Black Swallowtail
Reptile	Mountain Boomer (Collared Lizard)
Rock	Rose Rock

Total Area	69,957 square miles
Land Area	68,656 square miles
Water Area	1,301 square miles

Recreation

Number of State Parks	52
Number of State Trails	47
Number of Lakes	48

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